Weekend FT

Inside section II
24 Pages

Rip van Winkle's new world order
Page I

Can British growth funds grow again?
Page III

The stink over the Samaranch Olympics
Page XIV

Japan's blue chips
Starting to look cheap?
Page 19

NEWSPAPER of THE YEAR

FINANCIAL TIMES

Weekend April 25/April 26 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

German union calls for 'warning strikes' over pay

Western Germany's 4m engineering workers rejected a 3.3 per cent pay offer and prepared to add their weight to the wave of strikes already threatening chaos in public services next week.

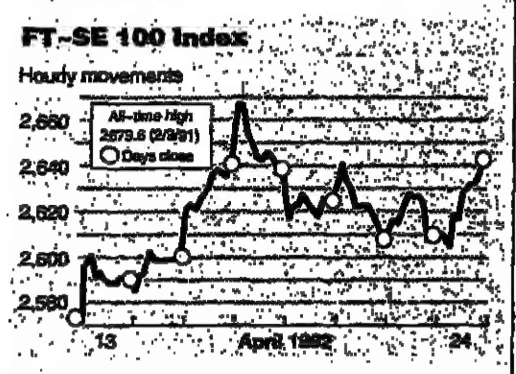
Franz Steinkühler, president of the IG Metall union, said the offer was meant as a provocation and would be treated as such. He called for "massive warning strikes" next week. Page 22; Bonn spurns US criticism of budget policy, Page 2

Peace hope: A breakthrough in United Nations-brokered talks among Afghan mujahideen leaders was achieved with an agreement to form a council which would take power shortly. Page 22; Ethnic rivalries overshadow peace, Page 3

Olympia & York's bankers are likely to provide £15m ($26.55m) to allow work at the Canary Wharf development in east London to continue to the end of May only. O & Y had been hoping to receive a £110m facility. Page 16

UK equities: A three-week trading account that might easily have been expected to end with a whimper closed with a burst of support for London equities. After initial weakness, the FT-SE Index surged ahead in afternoon trading to end the day 33.2 points up, the high of the day, at 2,643. London stocks, Page 13; Lex, Page 22; Markets, Weekend II

FT-SE 100 Index



Cutback: Japan will cut car and light commercial vehicle exports to the EC by 6 per cent this year, Brussels sources said, contradicting EC and Japanese officials in Tokyo who said the cut was likely to be 1.5 to 2 per cent. Page 3

Eurotunnel, embattled Channel tunnel group, announced a further big rise in the cost of the project and confirmed it was in technical breach of loan covenants. Page 22 and Lex

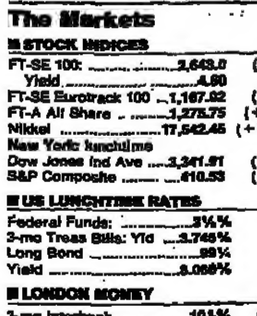
Loan promise: The World Bank will be able to lend the former Soviet Union between $4.5bn and $5bn (£2.5bn-£2.8bn) a year by the end of 1993, bank president Lewis Preston said. Page 2; Russia to raise oil prices sharply, Page 2

Micron Technology, US memory chip maker, has filed a dumping complaint against South Korean semiconductor makers, accusing them of selling memory devices in the US at less than their cost of production. Page 3

Valmet, Finnish state-controlled paper machinery and engineering group, is to acquire 91 per cent of Tampella Papertech of Finland, one of the world's leading producers of board machinery. Page 10

Opec decision: Oil ministers from the Organisation of Petroleum Exporting Countries decided to leave untouched a nominal output ceiling of 22.98m barrels a day for the second quarter. Page 3; Lex, Page 22

FT journalist wins top award



David Lascelles (left) of the Financial Times has been named senior financial journalist of the year in the Wincott press awards for 1991. The judges commended him for his "masterly series" on the BCCI affair. Page 4; Accountants face BCCI inquiry, Page 4

Nucor, US steel producer, is to investigate what it calls "interesting possibilities" for building a 1.2m tonne a year steel plant on a greenfield site in Scotland. Page 4

Premier quits: The formation of a new Italian government moved closer following the resignation of outgoing premier Giulio Andreotti. Page 2

General Motors, US vehicle manufacturer which has been suffering heavy losses, is to strengthen its balance sheet and bolster liquidity through a worldwide offering of common stock that could raise up to $2.3bn (£1.3bn). Page 10

The Markets

STOCK INDICES

FT-SE 100:	2,643.0	(+33.2)
Yield	4.60	
FT-SE Eurotrack 100	1,167.02	(−2.09)
FT-A All Share	1,275.75	(+1.1%)
Nikkei	17,542.45	(+140.40)
New York lunchtime		
Dow Jones Ind Ave	3,341.81	(−6.71)
S&P Composite	410.53	(−1.07)

US LUNCHTIME RATES

Federal Funds:	3¾%
3-mo Treas Bills: Yld	3.745%
Long Bond	99¼
Yield	8.068%

LONDON MONEY

3-mo Interbank	10⅛%	(same)
Liffe long gilt future:	Jun 98%	(Jun 98⅝)

NORTH SEA OIL (Argus)

Brent 15-day (June)	$18.86	(18.875)

Gold

New York Comex	$337.5	(339.3)
London	$336.55	(338.75)

STERLING

New York lunchtime:		
$	1.772	
London:		
$	1.772	(1.785)
DM	2.925	(2.93)
FFr	9.8825	(9.8825)
SFr	2.715	(2.7225)
Y	238.5	(237.25)
£ Index	92.3	(92.2)

DOLLAR

New York lunchtime:		
DM	1.6505	
FFr.	5.5745	
SFr	1.531	
Y	134.55	
London:		
DM	1.6506	(1.6605)
FFr	5.5775	(5.605)
SFr	1.5325	(1.542)
Y	134.55	(134.45)
$ Index	64.9	(65.1)

Tokyo close: Y 134.65

Sir John Quinton told by directors on return from holiday to give up top jobs

Barclays chairman to stand down

By Robert Peston

SIR JOHN QUINTON is being forced to quit as chairman of Barclays, Britain's biggest bank, after pressure from the bank's non-executive directors.

Details of his departure will be finalised at the next Barclays board meeting on Thursday.

Later the same day Sir John, 62, is expected to tell shareholders at the bank's annual meeting that he will give up his post as chief executive to be replaced immediately by Barclays' managing director, Mr Andrew Buxton.

Sir John will stay on as chairman until the beginning of next year when Mr Buxton will assume this role as well. Unlike his predecessors among Barclays chairmen, Sir John will not remain on the board. Bankers say he feels he would be "cramping the style" of his successor if he stayed.

Sir John was confronted by the bank's non-executives directors three weeks ago, when he returned from a fortnight's holiday in Mauritius who made it clear that he had to go.

Bankers say Sir John had no idea that there was unhappiness with his performance at Barclays.

The bank's non-executive directors include Sir Martin Jacomb, the bank's deputy chairman and a Bank of England director, Sir Nigel Mobbs, chairman of the property company Slough Estates, Sir Denys Henderson, chairman of Imperial Chemical Industries and Sir James Spooner, chairman of the conglomerate Morgan Crucible.

The Bank of England has been informed of the management changes.

Sir John's departure is the most unexpected and sudden in a series of resignations involving senior directors at all of the UK's leading clearing banks over the past year. Last month, Mr Tom Frost stood down as chief executive of Barclays' main rival, National Westminster Bank.

The non-executive directors are believed to have been persuaded that Barclays' approach to managing its huge business, which employs 111,400 people across the world, needs to be changed significantly. It was felt Sir John was too closely associated with the existing management style.

Barclays' financial performance last year was worse than had been expected in the City, because its overheads rose more rapidly than its main rivals.

In the current year, some of its big corporate customers, such as the property companies Heron International, Speyhawk and Olympia & York, have run into difficulties. As a result, Barclays is likely to face big losses on loans to some of these companies.

However, some Barclays executives, who are not on the board, questioned whether Mr Buxton was the best choice to replace him. One senior banker pointed out that Mr Buxton was responsible for cost control as managing director.

Mr Buxton's appointment would continue a tradition that Barclays chairmen are drawn from the ranks of several families, which previously owned the regional banks bought by Barclays over the past hundred years. However, Sir John is not a member of the Barclays families.

The Barclays board has not decided whether a new managing director should be appointed to replace Mr Buxton.

Leading institutional shareholders said they had put no pressure on the board to make the changes. However, some of them have recently said they are unhappy with Barclays' performance.

In 1988, they provided Barclays with £921m of new money in the form of a rights issue and they are upset that a large proportion has been used for lending to property companies.

London stocks, Page 13
Lex, Page 22

Consumer confidence lifts hopes of slow UK recovery

By Emma Tucker and Peter Marsh

A RISE in consumer confidence and a sharp increase in import volumes have boosted prospects for a hesitant UK economic recovery later this year.

A survey of consumer confidence by Gallup, the market research company, showed that the balance of people expecting economic conditions to improve was the highest for five years. The poll was conducted immediately before and after the April 9 general election.

Meanwhile, Central Statistical Office figures showed that the underlying volume of imports grew by 3 per cent in the first quarter compared with the final three months of 1991.

However, underlying export growth over the period was flat, reflecting the slowdown in the world economy which might dampen the pace of a UK upturn.

Other CSO figures showed that retail sales volumes in March fell to their lowest level for almost a year, but many in the City shrugged off the figures, arguing that they were distorted by electoral uncertainties and the lateness of Easter.

The Gallup poll, on behalf of the European Commission, showed that 42 per cent of those surveyed expected the economy to improve over the next 12 months, compared with only 20 per cent who were pessimistic.

It also showed that the balance of consumers expecting their own financial position to improve over the next year was the highest since August 1987.

Retail sales volume fell by 0.8 per cent in March compared with February, bringing the year-on-year decline to 3 per cent. In the three months to March sales were flat compared with the previous three-month period.

Although the drop in sales reversed the improvement in January and February, economists said a strong month-on-month rise in sales of household goods suggested a more encouraging picture of underlying consumer activity. In the three months to March, sales of household goods – a sensitive indicator of consumer confidence – rose by 2 per cent compared with the previous three-month period.

The volume of sales fell in all other retailing sectors. Sales of clothing and footwear fell 2.6 per cent on the month but the decline was most evident in mixed retail businesses where sales dropped by 3 per cent, month-on-month.

The City will attach more importance to April's retail sales figures which should reflect Easter spending, better weather and post-election confidence.

Recovery hopes, Page 5
Currencies, Page 11
London stocks, Page 13
Lex, Page 22

Tony Andrews

Determined: Chris Patten yesterday pledged to uphold the interests of all Hong Kong's people

Patten chosen to steer Hong Kong to 1997 handover

By Alison Smith, Angus Foster and Alexander Nicoll in London and Simon Davies in Hong Kong

Hong Kong welcomes some political clout ....Page 2
Fowler favourite to be Tory chairman ....Page 4
Another rough ride for Patten ....Page 6

MR CHRIS PATTEN, the Conservative party chairman who lost his parliamentary seat in the general election while playing a key role in the party's victory, is to become probably the last British governor of Hong Kong.

His task will be to steer the colony through a sensitive period as it approaches the handover of sovereignty from Britain to China in 1997. He is expected to take up the post in July.

The appointment yesterday by Mr John Major, the prime minister, was immediately welcomed by Hong Kong businessmen and politicians who saw Mr Patten's close relationship with Mr Major and Mr Douglas Hurd, the foreign secretary, as beneficial for the colony.

Mr Patten said at a London press conference: "I have long admired the Hong Kong success story and I come to the job with a determination first and foremost to uphold the interests of all the people of Hong Kong."

His move represents a break with the tradition of the governorship being held by senior diplomats. Mr Patten, 47, replaces Lord Wilson of Tillyorn, a career foreign office official, who is retiring.

The governorship commands a £140,000 tax-free salary, the highest in the Civil Service, a mansion and grand life-style. Mr Major offered it immediately after Mr Patten lost his Bath seat, and he was understood to have been led to accept by "gut instinct".

Mr Major said: "He will have a vital job to do at a critical time. No one could do it better."

Mr Patten's decision throws his future in British politics into question. He is understood to have rejected as "unseemly" any early return to cabinet by an artificially arranged by-election.

Mr Patten deflected questions about his own future in UK politics with a quotation from a hymn by Cardinal Newman: "I do

Continued on Page 22

Lloyds board approves bid for Midland

By Robert Peston

LLOYDS directors yesterday approved a bid for the rival Midland Bank. However, bankers said a bid was not inevitable, and a great deal of work would be needed before one could be launched.

Nonetheless, it is probable that there will be a battle for Midland, least profitable of Britain's four clearing banks, between Lloyds and Hongkong and Shanghai Banking Corporation, which has already made a £3.3bn bid for Midland.

Approval for a bid came at a board meeting yesterday morning. Directors, led by the chairman, Sir Jeremy Morse, had been discussing whether to make a bid since their dinner together the previous evening.

There was no official statement after the board meeting. Directors are understood to have been persuaded by the bank's chief executive, Mr Brian Pitman, to press ahead with preparations for a takeover attempt.

Mr Pitman believes Lloyds can make huge incremental profits through combining with Midland, cutting more than £500m from the combined banks' overheads. Such savings would come from shedding more than 20,000 staff.

But after sounding out Sir Gordon Borrie, director-general of the Office of Fair Trading, Lloyds became concerned that a bid would be referred for investigation by the Monopolies and Mergers Commission, the UK competition authority, and that the MMC might block the takeover.

Lloyds understands the competition authorities fear that a takeover would reduce competition for small business loans.

To minimise this threat to competition – and thereby allay the OFT's fears – Lloyds will in the next few days try to find a bank prepared to take control of about 500 of its and Midland's branches should a bid succeed.

Their purchase by a bank with a relatively small presence in England would serve as a guarantee that the small business loans market would not be dominated by just three banks – Lloyds, Barclays and National Westminster.

Several banks, including the Bank of Scotland, are understood to be interested in such a deal. Bank of Scotland said yesterday that it had not had conversations with Lloyds about acquiring branches and that it remained committed to a policy of expanding in England by using "non-traditional delivery systems".

CONTENTS

Austria Sch30; Bahrain Din1.000; Bermuda $1.65; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.00; Germany DM3.30; Greece Dr250; Hong Kong HK$15; Hungary Ft162; Iceland IKR180; India Rup20; Indonesia Rp3,900; Israel NS5.50; Italy L2600; Japan Y600; Jordan JD1.20; Korea Won 2500; Kuwait Fils.600; Lebanon £L1250; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.60; Norway Nkr16.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 45; Poland Zl 19000; Portugal Esc190; Qatar QR10.00; S.Arabia Rls9.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$85; Thailand Bht50; Tunisia Din1.000; Turkey L6000; UAE Dh8.00; USA $1.25 (Alaska & Hawaii $1.75)

Hong Kong welcomes some political clout

By Simon Davies

HONG KONG welcomed the announcement of the name of its new governor as evidence the colony is finally being raised in the hierarchy of British political affairs, because of Mr Chris Patten's close connections to the UK government leaders.

Legislative councillors said the new governor would be in a position to achieve more than his predecessor, because as friend and senior colleague of the prime minister and foreign secretary of Britain, Mr Patten should carry much more political clout.

There was concern at Mr Patten's lack of experience in Asia. But it was felt this might be balanced by the fact that his previous position in the government might encourage Beijing to treat him as a direct representative of the sovereign power, rather than just an agent.

"He is clearly someone who is held in high regard by the British government," said Mr Nigel Rich, managing director of Jardine Matheson. Mr Rich argued that in the period of transition leading up to the hand-over to China in 1997, "the skills of a politician will be very helpful".

Mr Martin Lee, leader of the United Democrats, the party which attracted majority support in Hong Kong's first direct elections last year, said he was cautiously optimistic. He said he hoped a politician would be more receptive to the will of the people than a diplomat.

Mr Lee has complained that under Lord Wilson, a "group of yes men and women" was appointed "to thwart all our attempts to change policies and better the conditions of our people".

He said: "A politician may see the benefits of working with us, rather than against us. After all, who are the elected members?"

Mr Lee was not concerned about Mr Patten's lack of knowledge of Asia. "Sometimes you have a China expert and you find a little knowledge is a dangerous thing. If he is a good politician, I am sure he will pick things up very quickly," he said. Mr Patten follows two Sinologists and diplomats to the post of governor, Lord Wilson and his predecessor Sir Edward Youde.

There was a strong feeling in the business community that Hong Kong had stood low on the political agenda in Britain, and that the appointment of one of the prime minister's close confidants as governor indicated a change of strategy.

Ms Rita Fan, a legislative councillor, argued "I hope this will mean that Hong Kong will become more important on the political agenda," while Baroness Dunn, a member of the Executive Council, said Mr Patten was "highly respected for his political abilities. I am sure that his talents will be particularly useful to Hong Kong during these crucial years of political evolution."

But there will inevitably be voices of discontent. One pro-Beijing legislative councillor was concerned that Mr Patten might give special treatment to British business interests, arguing that the Conservative party has long had close contacts with the local British business community.

This is a sensitive subject, following the award of most consultancy contracts for the new port and airport development scheme to local subsidiaries of UK companies, much to the ire of the local press.

Some newspapers have mirrored British Labour party accusations that the governorship was being handed to Mr Patten as a consolation prize after he lost his seat in the election.

But the news is likely to have no impact on the local stock market, which was more concerned about the outcome of the British election, given the pronounced Tory leanings of the local business community and its obvious desire for stability.

"Mr Patten will need a very good support team," said Mr Barry Yates, research director of Asia Equity. "He is coming out to a part of the world with which he is not familiar. And politics out here is very different."

But some hoped that Mr Patten's arrival with little knowledge of local affairs will at least leave him open to new ideas. "We hope this is the beginning of a change in British policy towards China and Hongkong. So far this has been one of kow-towing to Beijing," said Mr Lee.

Compensations for the governor

By Angus Foster

AS GOVERNOR of Hong Kong, Mr Chris Patten can console himself with the knowledge that even if his Westminster career is over, he will earn more than HK$10.4m (£765,000) tax-free during his tenure, at current pay levels.

In case that is not enough, he will also receive an entertainment allowance of HK$432,000 a year with which to wine and dine visiting dignitaries and local high-flyers.

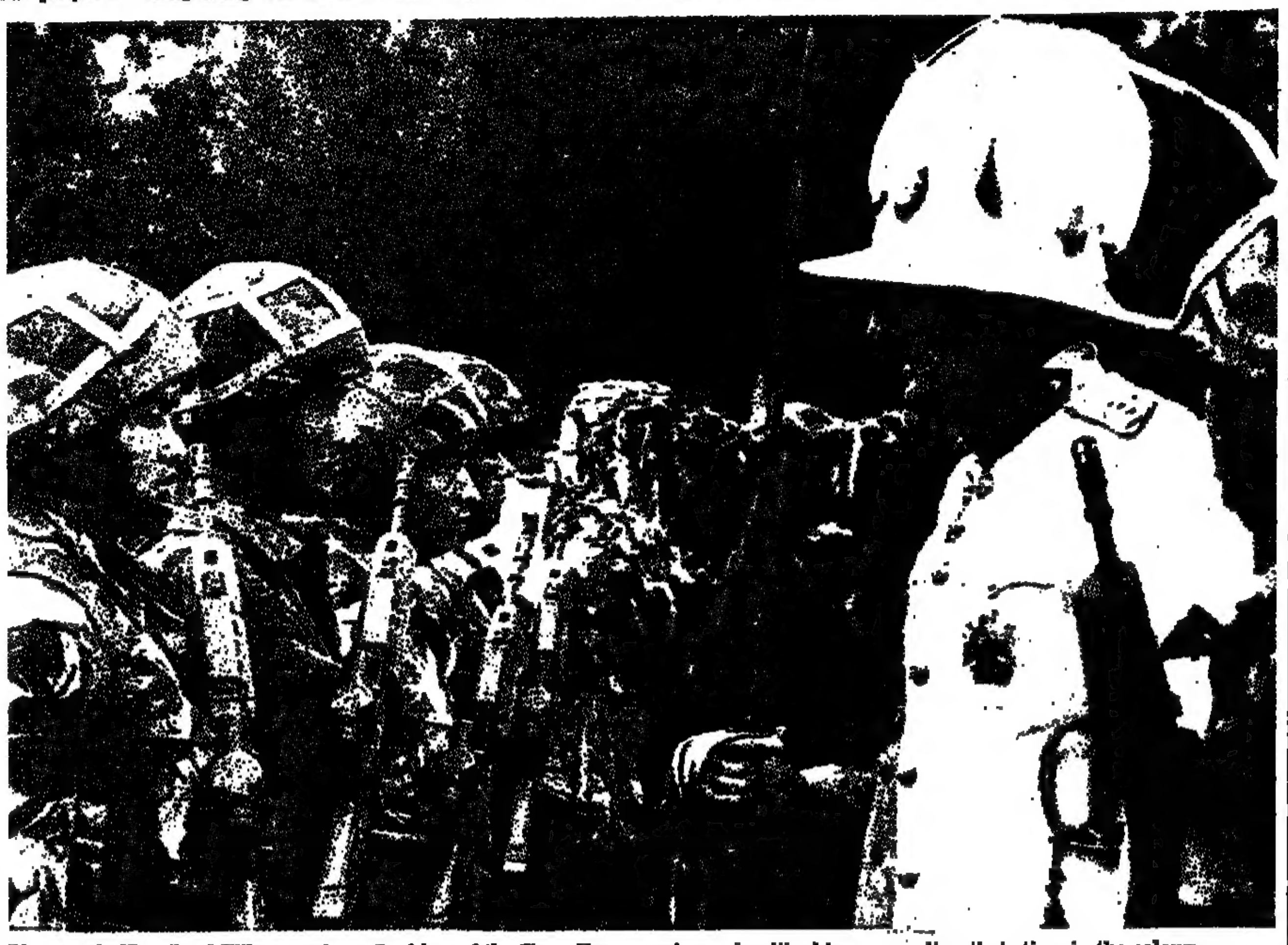
Not that he or his wife will have to do the cooking. He will be maintained by a domestic staff of 30, which includes three chauffeurs, one for each of the governor's cars, a Rolls and two Daimlers.

But Britain's last significant outpost of empire requires more than the occasional donning of the colonial plumed helmet. As the Queen's representative in Hong Kong, the governor has enormous powers, including the final decision over the death sentence. (All sentences have been commuted since the 1960s.)

He is also in charge of the 186,000-member civil service and, working with the Foreign Office and Downing Street, guides Hong Kong's relations with third countries. Once a year he delivers a policy address, the equivalent of the Queen's speech, which sets out his government's agenda.

On day-to-day decisions, he is advised by an Executive Council of senior business and political figures. He is also surrounded by Foreign Office mandarins, many of them Sinologists, who advise on China relations.

Much of the work is boring, including opening fêtes and placing wreaths on the anniversary of the Japanese invasion. But if Mr Patten should ever become disillusioned, he can escape to the calm of the governor's luxury country house in the New Territories, or set sail into the South China Sea sunset on his 30-metre launch, the Lady Maurine.



Plumes of office: Lord Wilson reviews Gurkhas of the Hong Kong garrison who, like him, are ending their time in the colony

Patten faced with need to rebuild colony's confidence

By Angus Foster

MR CHRIS Patten, who will arrive in Hong Kong as governor with less than five years to go before the colony reverts to Chinese sovereignty, will discover that it has regained much of the confidence lost following the 1989 Beijing massacre.

But even setting aside the broad issue of relations with China before the transfer, some pressing near-term difficulties will await his attention.

- Mr Patten will be keen to meet Lu Ping, China's director for Hong Kong affairs, and try to defuse a row with China over the colony's broadcaster, RTHK, which the government wants to give corporate status. The UK has been accused in the Chinese media of seeking to make RTHK independent so the network can serve British interests after 1997.
- Although the economy is performing strongly, the present administration has lost key supporters in the business community. The new governor must convince businessmen he is able to safeguard their interests.

Important contracts for the new airport are pending and must go ahead smoothly while inflation must be further addressed. Government plans to increase imports of labour will be attacked by trade unions and will lead to continued tension.

- One simmering dispute which will have to be addressed this year is Hong Kong's proposed court of final appeal, which will replace the Privy Council.

The structure of the court has been agreed between Britain and China, but Hong Kong is unhappy it was not consulted on the decision. Mr Patten will have to decide whether to push ahead with legislation on the court early next year, and anger Hong Kong, or anger China by asking for renegotiation.

Other likely arguments stemming from the work of the Sino-British Joint Liaison Group include the future of military lands and air service agreements between Hong Kong and third countries.

- Morale must be restored among the 186,000-strong civil service, which no longer sees the traditional rewards of colonial office – such as British honours – as so desirable.

The service also needs to become more politically aware now it is being challenged by democratically elected politicians, and to increase links with China. Police morale is also low, and violent crime is on the rise.

Bonn spurns US criticism of budget policy

By Quentin Peel in Bonn

THE German government yesterday angrily rejected US criticism of its swollen budget deficit, setting the scene for a sharp confrontation over the issue at this weekend's meeting of finance ministers from the Group of Seven industrialised nations.

Separate statements yesterday by Mr Theo Waigel, the German finance minister, and Mr Horst Köhler, his state secretary and chief international negotiator, made it clear they regard the criticism as both untimely and unjustified.

Mr Köhler directly attacked Mr David Mulford, the US treasury secretary, for what he described as "one-sided and partially false judgments" on the state of the German budget deficit.

He rejected the US criticism as "unacceptable" on the eve of the G7 meeting, and quite contrary to the principle of G7 co-operation – that "every country should keep its own house in order".

Mr Mulford warned on Thursday that Germany's large fiscal deficit, run up to pay for the cost of unification and subsidising east German industry, could prove structural and long-lasting. It was a direct cause of high interest rates and low growth in Europe, and a factor contributing to unemployment, he said.

The angry German response suggests that Bonn is not only acutely sensitive on the point, but remains unwilling to bend to international pressure for sharp spending cuts or tax increases.

Mr Waigel said he was committed to a moratorium on the level of state spending until the mid-1990s: every new payment must be matched by an equivalent saving. From 1993-96, combined public sector budgets must be kept to a growth of under 3 per cent, or half the expected growth of nominal gross national product.

He said the forecast German budget deficit this year, at 3.5 per cent of gross domestic product, was well under the 4.7 per cent level in the US, 4.8 per cent in the UK, and 9.9 per cent in Italy.

Meanwhile, Mr Helmut Schlesinger, the president of the Bundesbank, revealed that the German economy recovered to a probable 4 per cent annual growth rate in the first quarter – albeit largely thanks to unseasonally mild weather – after three successive quarters of decline.

World Bank ready to lend $4.5bn to ex-Soviet states

By Peter Norman, Economics Correspondent, in Washington

THE World Bank will be able to lend the former Soviet Union between $4.5bn and $5bn a year by the end of 1993, Mr Lewis Preston, the bank's president, said yesterday.

Mr Preston said the bank could lend about $500m (£280m) now to Russia to help with the importing of vital goods. The World Bank's lending to Russia and the other former Soviet republics could total abut $1.5bn in the bank's coming financial year from July 1.

Mr Preston said that World Bank lending would be contingent on the republics implementing economic reform programmes developed by the International Monetary Fund.

That lending would be directed to improving agriculture, oil exploitation and transport. There were 33 proven but underdeveloped oil fields in western Siberia, while wastage of oil had become a serious problem because of a lack of spare parts, he said.

If the rapid build-up of lending to Russia and the other republics went ahead as planned, the former Soviet states would be leading clients of the World Bank by the middle of the decade.

Russian government to raise oil prices sharply

By John Lloyd in Moscow

OIL prices in Russia are set to rise sharply in the middle of the year, pushing consumer prices up by 150 per cent, Mr Andrei Nechayev, economic minister, said yesterday.

After a cabinet meeting in Moscow, he said the government would impose an effective ceiling of Rbs2,200 a tonne (with a floor of Rbs1,800), up from the present subsidised price of Rbs350 a tonne.

Gas prices will also rise to Rbs1,100-1,600 per thousand cubic metres for all except domestic users, who will continue to pay the subsidised price of Rbs260.

The rise of energy prices, the largest price subsidy left on the budget, is seen by the International Monetary Fund as an essential step towards currency stability.

The cabinet was given budget deficit estimates for the first quarter of this year of Rbs24.3bn and Rbs205bn for the second quarter. The latter does not take into account the impact of flows into the country of expected financial aid.

Mr Alexei Ulyukayev, an economic adviser to the government, said inflation was likely to come down to 15-20 per cent a month, from a current estimate of 30-40 per cent.

Mr Yegor Gaidar, the first deputy prime minister, flies to Washington this weekend for the meeting of the IMF and the World Bank.

NEWS IN BRIEF

European nearer to HDTV agreement

EUROPEAN television manufacturers, broadcasters and satellite operators have indicated their willingness to develop high-definition television (HDTV) services in Europe, signing a joint declaration which the European Commission described yesterday as "a major step" towards advanced TV services, **Andrew Hill writes from Brussels.**

But the different interest groups have yet to agree a legally-binding memorandum of understanding. Such a document would commit the industry to a firm strategy and is essential to the Commission's plan to develop HDTV. The companies will meet again in May to discuss a revised text.

Aid pledge for Pakistan

Western donors yesterday pledged $2.3bn in new aid for Pakistan, to help it continue efforts to curb poverty while at the same carrying out ambitious economic reforms, **William Dawkins reports from Paris.** The package, which fell slightly short of the government's requests, was agreed at a two-day meeting of the World Bank Pakistan Consortium. Donors also earmarked $220m to help feed and resettle some of the 3.5m Afghan refugees.

Debt write-down urged

A substantial write-down of the third world's debt to commercial banks was urged yesterday by the World Commission on Environment and Development, which has spent three days in London debating the Earth Summit to be held in Rio de Janeiro in June, **John Hunt reports.** The commission said developing countries' debts were forcing them to sacrifice environmental assets.

Key Polish vote delayed

Poland's centre-right minority government won a reprieve yesterday when parliament put off for two weeks a crucial vote on public sector pay which threatened to rekindle hyper-inflation, **Christopher Bobinski reports from Warsaw.**

Mr Andrzej Olechowski, the finance minister, had threatened to resign if the government did not receive the 75 per cent support it needed to block an earlier court decision which called on the government to reimburse public servants and pensioners for income cuts imposed last year.

Meanwhile the latest foreign trade figures show a marked improvement in Poland's trade surplus and the first success for the government's policy of raising export competitiveness through devaluation. Over the first three months exports rose to $3.3bn and imports fell to $2.9bn to give a surplus of $385m compared to a small deficit in the first quarter of 1991.

EC to seek farm fraud funds

The European Commission will seek to recover some Ecu5m (£3.55m) paid in bogus farm export subsidies to Bord Bainne, the Irish dairy export board, and to DMK, a German trading company, EC officials said yesterday, **Our Foreign Staff reports.**

They said recovery of the bogus subsidies, uncovered after an EC Court of Auditors report earlier this week, should take the normal form, with the governments in question – Ireland and Germany – being asked to get the money back from the companies, and then turning it over to Brussels.

Andreotti steps down as Italian PM

By Haig Simonian in Milan

FORMATION of a new Italian government moved a step closer yesterday following the resignation of Mr Giulio Andreotti as premier.

The timing of Mr Andreotti's resignation had appeared in doubt, as a result of delays on Thursday in electing new leaders of the Senate and Chamber of Deputies following this month's general election.

After two rounds of voting yesterday, Mr Giovanni Spadolini, of the Republican party, was re-elected president of the Senate. In the Chamber of Deputies, it took three votes to produce a majority for Mr Oscar Luigi Scalfaro, a veteran Christian Democrat.

The nomination of the new parliamentary leaders had become the subject of intense debate as a result of the new political balance following the general election.

The polls revealed sharply lower support for the Christian Democrats, still Italy's largest party, and their Socialist allies in the previous coalition government.

The main parties will face more problems in stitching together a new government, asthe previous four-party coalition will probably have to bring at least one other party into the government.

Fed to relax its banking curbs

By George Graham in Washington

THE US Federal Reserve yesterday said it was relaxing its rules to allow bank holding companies to offer more kinds of financial services.

Ms Susan Phillips, a Fed governor, said the new rules would allow bank holding companies and their non-banking affiliates to offer full brokerage services for corporate clients, as well as to provide financial and investment advice in certain areas.

The Fed will also broaden the types of leasing operations banks may undertake.

The changes are among measures announced yesterday by the administration as part of its 90-day effort to reduce regulations. President George Bush said yesterday that he would announce more deregulatory moves next Wednesday.

Mr John Robson, treasury deputy secretary, also said the four federal agencies which regulate banks in the US – the Fed, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision – would be working to harmonise supervisory procedures.

The agencies plan to agree on uniform interpretations of banking regulations and, in cases where a bank is supervised by two or more agencies, to co-ordinate inspections in order to cut down on compliance costs.

Mr Robson also announced a new rule from the Environmental Protection Agency which will clarify the circumstances in which lenders may have to assume liability for cleaning up toxic waste sites under the Superfund law.

He said some banks had been unwilling to lend to companies because they feared that if they later had to foreclose on the loan they could be held responsible for the cost of cleaning up the company's polluted sites.

French budget deficit still rising

By William Dawkins in Paris

THE French government budget deficit will overshoot its budget target again this year because of lower than expected tax revenues, Mr Pierre Bérégovoy, the prime minister, said yesterday.

He expected the deficit to reach FFr135bn (£13.7bn), as against the FFr90bn government estimate on which the current year's budget was based, and slightly ahead of the FFr131.7bn budget deficit in 1991. This will be slightly less than 2 per cent of gross domestic product, said Mr Bérégovoy.

However, he pledged not to raise taxes and risk putting a brake on growth, expected to rise to an annual 2.5 per cent in the first half, according to Insee, the state statistics body. He would instead seek continued curbs on government spending.

Mr Bérégovoy said the latest sign of the French economy's competitiveness was the widening in the trade surplus to FFr1.38bn in March, announced by the customs directorate yesterday. This compares with a FFr391m surplus in February and brings to FFr5.29bn the positive balance for the first three months of this year, as against a FFr14.28bn shortfall in the same quarter of last year.

Exports rose strongly in March, to FFr106.86bn, from FFr103.88bn in February, according to the customs directorate. This was helped by an unusually large number of Airbus commercial aircraft deliveries. Imports rose less strongly, from FFr103.49bn to FFr105.48bn in the same period.

Bosnian capital enjoys a lull in ethnic fighting

By Laura Silber in Belgrade

SARAJEVO, the capital of Bosnia-Hercegovina, yesterday saw a lull in the fighting that broke out immediately after the leaders of Moslem Slavs, Serbs, and Croats had agreed to observe a ceasefire brokered by the European Community on April 12.

Sarjevo residents described it as the worst night of clashes since battles erupted in Bosnia about seven weeks ago over its bid for independence from Yugoslavia.

The EC team, led by Lord Carrington, the chairman of the EC peace conference, said talks would resume in Lisbon on Monday if a ceasefire was in place.

Meanwhile, Mr Boutros Boutros Ghali, the UN secretary general, said yesterday no party was blameless for the situation in Bosnia-Hercegovina, but it was not feasible to dispatch a UN peace-keeping force to the strife-torn republic.

In western Bosnia, Croatian radio reported 94 federal soldiers killed in fighting between Serb and Croat forces. But Tanjug, the Belgrade-based news agency, said four soldiers had been killed and 50 wounded, and it claimed Croat forces had suffered far greater losses.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481: Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert.Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

OECD sees Austria as a top economic performer

By Ian Rodger in Zurich

AUSTRIA'S economy should continue to be one of the best performers among industrialised countries, with real growth this year likely to be close to last year's 3 per cent, according to the Paris-based Organisation for Economic Co-operation and Development.

The OECD, in its annual examination of Austrian economic policies and prospects, chides the country for some slippage in its medium term programme to reduce public sector deficits and for grossly excessive and anachronistic agricultural support policies, but otherwise gives it a remarkably clean bill of health.

"The Austrian economy has continued to do well in terms of all major macroeconomic performance indicators: growth, employment and external and internal financial stability," the report concludes.

While exports have declined with the slump in demand from Germany, tourism earnings have remained high. Domestic investment, especially in construction, has been resilient despite higher interest rates caused by the firm link between the Austrian schilling and the D-Mark. The 24.5 per cent share of fixed investment in GDP last year was one of the highest in the OECD.

Wage settlements have moderated, and their impact has been softened by continuing improvements in productivity, as Austrian industry prepares for integration with the European community. Also, the large numbers of immigrant workers entering the market are depressing average wage rates. The OECD projects a 1 per cent decline in Austrian relative unit labour costs in common currency terms in both 1992 and 1993.

Exports are expected to decline further this year and the investment climate may be adversely affected by lingering high interest rates. However, the OECD believes a strong backlog of construction orders should limit the fall in capital spending, and GDP should grow at 2.8 per cent this year and 2.7 per cent next year.

Still, the report criticises the government for extending its target of reducing the federal deficit to 2.5 per cent of GDP from this year to 1994 and for tolerating budget overruns.

Ethnic rivalries overshadow Afghan peace

David Housego reports from Kabul on prospects for a lasting settlement of a long and bloody civil war

AFGHANISTAN stumbled this week towards the end of a 13-year-old civil war, apparently sealed yesterday with agreement among rival guerrilla leaders to form a 51-member council to form an interim government.

Mr Benon Sevan, the UN special envoy on Afghanistan, has been shuttling back and forth from Pakistan to negotiate the setting up of an interim mujahideen-dominated administration to take over from the communist regime in Kabul, which has virtually collapsed in the wake of the overthrow 10 days ago of former President Najibullah. But Mr Sevan has also warned the guerrilla leaders of the dangers of anarchy and civil war if they continue to pursue ethnic and personal rivalries.

Over the last week all the main provincial cities – including Mazar-i-Sharif, Herat, Kandahar, and yesterday Jalalabad – have been taken over in bloodless coups by different coalitions of mujahideen groups co-operating with local army commanders. The overthrow of the hardline communist rule that remained in power after the Russians left two years ago has thus so far gone remarkably smoothly.

All week there have been scenes of apparent reconciliation between mujahideen guerrillas and the army and security forces they have been fighting for so long.

At Charikar, north of Kabul, the temporary headquarters of the northern-based coalition, Shah Ahmed Masood, the main guerrilla leader, warmly embraced General Abdul Majid, the deputy commander of an Uzbek militia force that Mr Najibullah used for his most brutal offensives. They met in a garden of almond and apple blossom.

The local accords on a transfer of power outside Kabul seemed to have been matched yesterday by a agreement on the fate of the capital – both the largest city and the one where the ethnic mix is the greatest – and over the setting up of an interim administration for the country. Yesterday's agreement appears to end the squabbling between guerrilla commanders and the political organisations based in Peshawar over how to fill the vacuum in the capital and in the running of the country.

The polarisation between Mr Masood and the leader of the hardline Hezb-i-Islam guerrilla group, Mr Gulbuddin Hekmatayr, is partly a conflict between men who have quarrelled in the past and still detest each other – but more worryingly it reflects deeper ethnic divisions that could over time lead to the break-up of Afghanistan. Mr Masood, the

Shah Ahmed Masood: seeking accommodation with rivals

most successful field commander of the war, is a Persian-speaking Tajik from the north of the country. His coalition of Tajiks, Uzbeks, Hazaras, Ismaelis and Shias reflects the resentment of the non-Pushtun population of the country at Pushtun domination. The Pushtuns from the south, who account for only 40 per cent of the population, have traditionally provided the leaders of government.

Mr Hekmatyar, a politician and a Moslem crusader more than a field commander, who spent much of the war in Peshawar, is the best known representative of Pushtun nationalism. His difficulty is that his extremism and unpredictability have lost him the confidence of other Pushtun leaders and made him disliked in the capital.

In the power struggle that may yet unfold, yesterday's agreement notwithstanding, the Pushtuns feel squeezed by the prospect of non-Pushtun domination on the one hand and distrust of Mr Hekmatyar on the other.

Mr Masood has greater military strength than Mr Hekmatyar – with his alliance including General Abdum Momen, a former divisional commander

Former President Najibullah: overthrown

in the north under President Najibullah, and Mr Rashid Dostam, head of the powerful Uzbek militia, whose defection from Mr Najibullah was crucial in his overthrow. Mr Masood's strategy all week has been to hold back from entering Kabul to allow time for an interim administration to be formed. But he desperately needs Pushtun leaders to step forward.

The pressures for some form of accommodation are strong. Street opinion in Kabul is uniformly against further fighting. A diplomat says: "The overriding sentiment is a craving for peace. Nobody is in the mood to fight." Pakistan seems to be reining in the belligerence of Mr Hekmatyar. The international community is exerting pressure through the UN with the arrival of Mr Boutros Boutros-Ghali, the secretary general, in Pakistan yesterday.

The question now is whether the interim administration can hold the country together. Even among Uzbeks of the north, the goal remains Afghan unity rather than secession. The central Asian republics of the former Soviet Union, Iran, and Pakistan are all in favour of preserving the geographical status quo of Afghanistan and preventing the break-up of the country.

This week's events outside Kabul have shown a willingness by the mujahideen to work with the security forces and the existing bureaucracy and technical expertise of the country. Though the policymakers of this regime will be removed, the mood does not seem to be one of mass reprisals.

There is no immediate food problem. Senior Afghan officials believe the volume of aid will be large – relative to the country's size and capacity to absorb it – for the task of reconstruction. Two million people were killed in the war and a further 2m disabled.

But Afghanistan is also a country with a record of putting individual, regional and ethnic rivalries before the claims of national unity. "I am a pessimist," said a former senior official. "I think the rivalries will continue and at some stage result in armed clashes." It could be that such skirmishes will develop into serious conflicts leading to the disintegration of the country over the next 10 years.

Thirteen years of civil war have transformed Afghanistan into an arms depot in which there is no shortage of weapons to pursue conflicts. Local military bosses like Mr Dostam in the north will not easily cast aside their ambitions. If the country does begin to fall apart, its neighbours – Iran, Pakistan, and the central Asian republics – will not resist the temptation to intervene. Iran, which sees Afghanistan as part of its historic sphere of influence, has already embarked on an active policy in support of Afghanistan's non-Pushtun minorities. The outcome of the drama now unfolding will thus have its repercussions throughout central Asia.

A mujahideen guerrilla praying on a mountainside outside Kabul yesterday

Iraq told to name nuclear suppliers

By Mark Nicholson in Vienna

UNITED Nations nuclear inspectors say Iraq must reveal how it procured vital material and equipment used in its nuclear weapons programme before there is any chance of declaring Baghdad in compliance with UN Gulf war ceasefire terms.

In particular, UN inspectors say Iraq must explain where it acquired 100 tonnes of maraging steel, a special alloy used in construction of uranium enrichment centrifuges, and 20 carbon fibre rotors, also used in the enrichment process.

Mr Maurizio Zifferero, head of the UN team investigating Iraq's nuclear programme, said he was seeking assistance from countries or companies which might have supplied these.

He said Iraq must also identify the technical specialists who advised Baghdad on its advanced nuclear programme.

The UN inspectors believe that a handful of key foreign specialists, possibly retired from the nuclear industry, provided Iraq with technical expertise.

The Italian scientist, based in the International Atomic Energy Agency headquarters in Vienna, said that until his inspectors had a clear idea of Iraq's procurement system, they could never be confident that they had uncovered the full extent of Iraq's nuclear weapons-building programme.

He said that despite Iraq's improved co-operation with UN inspectors, some important inconsistencies remained in what had so far been either uncovered or revealed.

Mr Zifferero nevertheless said he was satisfied with the co-operation of Iraqi officials during the 11th and latest UN nuclear inspection mission to Iraq, which oversaw destruction of buildings in the Al Atheer complex south of Baghdad, said to be central to development of an enriched uranium weapon.

However, he said Iraq was still "stonewalling" on its procurement programme.

EC disputes Japanese claim on car export curbs

By Andrew Hill in Brussels and Steven Butler in Tokyo

JAPAN has agreed to cut car and light commercial vehicle exports to the EC by 6 per cent this year, Brussels officials said yesterday, contradicting EC and Japanese officials in Tokyo who said the cut was likely to be 1.5 to 2 per cent.

A senior Commission official in Brussels said the EC would never have accepted a cut of 2 per cent. Officially, neither side will discuss the specific terms of the agreement, which involves Japan "monitoring" its exports to the EC, but there was confusion about the implications of the deal, reflecting the sensitivity of the issue.

"The key thing here is that the Japanese have accepted to reduce exports," said Mr Antonio Menezes, spokesman for the delegation of the EC in Tokyo.

An official of the vehicle division of Japan's Ministry of International Trade and Industry said: "The EC and Japan both recognise that demand in the EC will decline by 1.5 to 2 per cent compared to 1991. Japan will monitor car exports so as not to cause market disruption."

The official said that the agreement was made taking into account the difficulties of European vehicle makers, and that it would be desirable for Japanese exports to decline by slightly more than the contraction of the market.

But it was maintained in Brussels yesterday that Japanese exports of cars and light commercial vehicles would fall by 75,000 units to 1.185m this year – a drop of 6 per cent from 1.26m last year. The Japanese share of the EC car and light commercial vehicle market would fall to 11 per cent this year from 11.3 per cent last year. Earlier, the Japanese authorities had appeared surprised by reports out of Brussels that they might reduce exports by 5 per cent.

The 1992 agreement is the last before a longer-term agreement comes into force, with the aim of opening the Community market gradually between 1993 and 1999. The 1993-99 deal is a similar "gentleman's agreement" and – like this week's accord – was called into question almost as soon as it had been made.

European car-makers have been hit by the decline in demand and restructuring costs, but it remains unclear how much relief the Japanese export curbs will bring them, as production by Japanese manufacturers in the UK is to increase. European production by Japanese companies is not covered by either accord.

Meanwhile, a unilateral decision by the Japanese government to cut export quotas to the US has been condemned in the US as inadequate. Japanese exports to the US have declined steadily in recent years, but have been more than replaced by increased local production.

The exports cuts are likely to prevent Japanese makers from boosting exports at a time when the domestic market is declining. The Japan Automobile Manufacturers Association yesterday reported that vehicle production in the year to last month fell by 3.3 per cent, the first decline in five years. While exports remained stable, domestic demand fell 4.8 per cent.

Mazda, the Japanese car maker, said yesterday it was cancelling night shifts at its recently-opened plant in Hofu, Yamaguchi Prefecture, because of slack demand. Toyota said this week it would suspend night shifts for some models produced at its fourth Tahara plant in Aichi Prefecture.

- Japanese retail sales in March were down 4.1 per cent on March 1991 as the slowdown in the Japanese economy bit more deeply into consumer spending. This is the steepest drop since 1965.

Luxury items were hard hit, but even clothing sales were down sharply by 3.2 per cent. Retailers blamed unseasonal weather.

Volkswagen, the German car maker, has fallen out with its Japanese importer, Yanase, which said yesterday it would stop handling Volkswagen and Audi models at the end of the year.

The decision by Yanase threatens to disrupt Volkswagen sales in Japan, where Volkswagen claims the largest share of imported cars.

Volkswagen, however, has been expanding its own sales outlets. It has also begun to sell through Toyota dealers and may be in position to bounce back.

Yanase, Japan's biggest imported car dealer, was unhappy at the prospect of losing its near-exclusive sales of Volkswagen models and will attempt to replace Volkswagen sales with other cars, possibly from Opel the German subsidiary of General Motors.

Dumping of D-rams alleged

By Louise Kehoe in San Francisco

MICRON Technology, a US memory chip maker, has filed a dumping complaint against South Korean semiconductor makers, accusing them of selling memory devices in the US at less than their cost of production.

The anti-dumping petition, which has been filed with the US Department of Commerce and the US International Trade Commission, will prompt the US agencies to investigate the allegations of dumping, which have been a matter of growing concern among US chip makers over the past two months.

If dumping is proved, the US could impose dumping duties on Korean D-rams sold in the US. D-rams (Dynamic random access memory) are data storage chips, used in all types of computers and electronics equipment. Prices have fallen precipitously over the past year, as supply outstripped demand from the recession-plagued computer industry.

"Micron has compelling data that indicates that US laws are being violated," said Mr Joe Parkinson, Micron chairman. The company claims to have obtained invoices and delivery documents to support its claim.

Micron alleges that Hyundai Electronics and Goldstar Electron are worst offenders. The anti-dumping complaint applies, however, to all Korean D-ram producers, including Samsung, which last year became the world's leading producer of one megabit D-ram chips, with a 14 per cent share of the world market.

Opec agrees to hold output ceilings

By Mark Nicholson in Vienna

OIL ministers from the Organisation of Petroleum Exporting Countries (Opec) decided yesterday to leave untouched a nominal output ceiling of 22.96m barrels a day for the second quarter, pronounced at their last meeting in February, after slight recent firming of crude prices.

However, Dr Subroto, Opec secretary general, said after the ministers' meeting in Vienna they had agreed that members still producing above their nominal February allocation "should implement the agreement" – a nod in the direction of Iran, which has been producing 3.4m b/d rather than its allocation of 3.2m b/d.

Although some members, notably Iran and Algeria, had entered the meeting urging further output cuts, ministers settled for a reiteration of the February limit, encouraged by the slight firming of prices which Mr Hisham Nazer, the Saudi Arabian oil minister described as "a good omen".

Dr Subroto said Opec output for March was 23.2m b/d, "very close" to the February ceiling which was lowered from post-Gulf war output levels of 23.65m b/d in an effort to shore up softening crude prices. This, he said, had been achieved, citing the rise in the price for the Opec basket of crudes from $16.39 in early March to $17.73 in early April.

Oil analysts in London suggested the market might take some encouragement from yesterday's meeting, particularly if Opec tightened output closer to the February figure.

However, Opec's own output figures are at variance with industry estimates, which put Opec production nearer 23.5m b/d. Moreover, Kuwait, which was allocated a share in February of 812,000 b/d for the second quarter, is now producing nearer 920,000 b/d and says it will reach 1m b/d by the end of this quarter.

Dr Subroto said Opec expects the nascent recovery in Europe and the US to raise the call on Opec oil to 23.9m b/d for the third quarter and to 24.9m b/d for the fourth.

Bryan Gould 'just short' of nominations needed

Labour candidates set for horse-trading

By David Owen and David Goodhart

LABOUR was yesterday preparing for a flurry of political horse-trading over the support from MPs that candidates for the party leadership need to secure their nominations – with MPs returning to Westminster on Monday.

Last night an aide of Mr Bryan Gould, who is contesting the leadership and the deputy's post, said the shadow environment secretary was just short of the nominations required on both counts.

Candidates require the nominations of a fifth of the parliamentary Labour party. Last night the only people all but assured of the 55 signatures needed were Mr John Smith, the odds-on favourite to succeed Mr Neil Kinnock as leader, and Mrs Margaret Beckett, one of the front-runners for deputy leader.

In a move that appeared partly designed to pre-empt charges of a "stitch-up", Mr Robin Cook, Mr Smith's campaign manager, issued a statement calling for the proportion of the party required to nominate a candidate to be reduced to a tenth in future contests.

The task of getting 55 signatures has been made more difficult by the reluctance of many of the 69 new Labour MPs – more than a quarter of the parliamentary party – to nominate any candidate until they know them better.

Nominations must be submitted to the party's Walworth Road headquarters in south London by Tuesday evening. Each MP may nominate only one candidate – but those who have already made a nomination may withdraw it and submit a new one.

Mr Ken Livingstone, MP for Brent East, in London, is also contesting the leadership. The other candidates for the deputy leadership are Mr John Prescott, shadow transport secretary, Ms Ann Clwyd, shadow overseas development minister, and Mr Bernie Grant, MP for Tottenham in London.

Meanwhile, there has been criticism from one of the largest unions over plans to weaken union influence in the party. Mr Ken Gill, general secretary of the MSF general technical union, said excluding unions would be "an unmitigated disaster".

However, Mr Gill said a change in the balance of the electoral college – in which the unions have 40 per cent of the votes, against 30 per cent each for both MPs and constituency parties – would be "legitimate."

The TGWU general union, Britain's biggest union, now looks certain to ballot its 1m members on the leadership contest.

The union will formally announce its position on Monday, but officials say it is most likely to choose either a workplace or postal ballot. A workplace ballot would be cheaper and encourage a higher turnout and will probably be the preferred option.

Nucor sees 'interesting possibilities' in Scotland

By James Buxton, Scottish Correspondent

NUCOR, the US steel producer, is to investigate what it calls "interesting possibilities" for building a 1.2m-tonne-a-year steel plant on a greenfield site in Scotland.

Mr Keith Busse, a vice-president of Nucor, said in Glasgow that the most promising site was at Hunterston on the Firth of Clyde, where British Steel has an ore-handling terminal, but other sites would be investigated.

He was speaking towards the end of a visit to Scotland, during which he looked at British Steel's Ravenscraig plant, at Motherwell, Lanarkshire, which is due to be closed in September.

He said the decision that it would not be economic to introduce Nucor's thin slab compact strip production technology at Ravenscraig did not exclude the use of other facilities there, such as the basic oxygen steel production shop. It was unlikely to be the best location for the compact strip project, though.

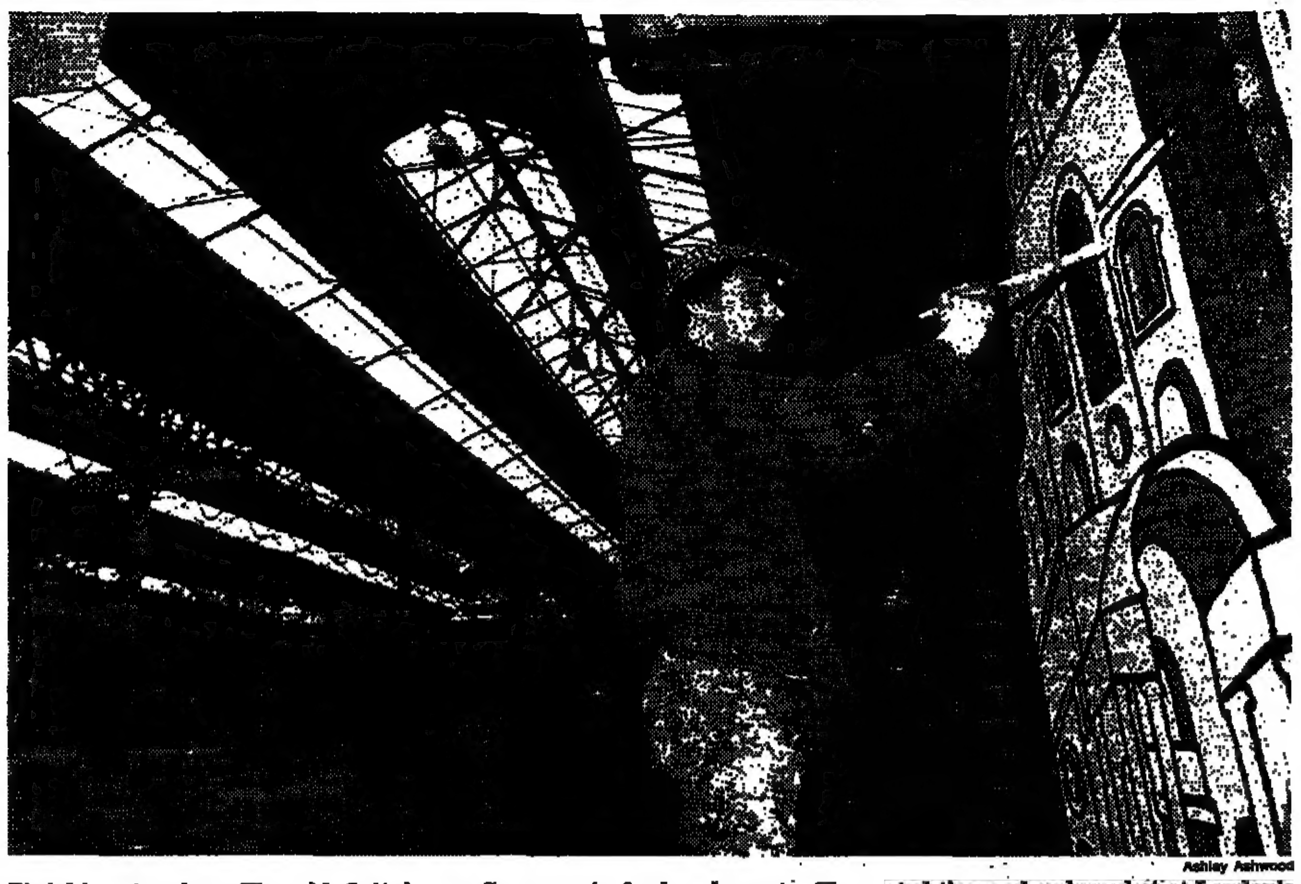
Mr Busse said Nucor would examine whether the costs of setting up a plant on a greenfield site could be reduced to "the competitive levels we have to meet before putting forward a project". That would take several weeks.

Mr Busse, who visited Scotland at the invitation of Scottish Enterprise, the official development body, acknowledged that to build a plant at Hunterston would require the co-operation of British Steel, which owned the terminal. British Steel is said to be wary of allowing a competitor with low-cost production methods to set up in Britain.

Mr Busse acknowledged that Europe still had overcapacity in steelmaking but said Nucor's success in the US had been based on applying new technology in markets where there was also overcapacity of older equipment.

The greenfield site plant would be a joint venture with a partner Nucor would find in Europe. It would employ between 500 and 700 people and make rolled strip products for the UK and Continental markets.

Mr Busse said he had spoken to Mr Allan Stewart, the Scottish industry minister, and found him very supportive. But Nucor did not believe in seeking government subsidies, nor would it try to obtain subsidised energy prices.



Ashley Ashwood

Finishing touches: The old Spitalfields fruit and vegetable market building on the edge of the City of London reopens tomorrow, with a temporary market offering antiques, crafts, organic food and sports. The market is a joint venture between Spitalfields Development Group, which plans to develop the site, and Urban Space Management, which created the weekend market at London's Camden Lock. Spitalfields Development Group is awaiting planning permission for a large office, retail and residential development there.

Lloyd's wins US court ruling

LLOYD'S of London has won a further legal victory in an action brought against it by three US Names, Richard Lapper writes.

The Names – individuals whose assets support underwriting at the insurance market – also took action against a number of agents and various banks.

A Chicago District Court granted a motion by Lloyd's to dismiss an action brought by three Names, Mr Kenneth Bonny, Ms Francesca Bonny and Mr Robert Flesvig.

The Names were appealing against an earlier ruling which upheld Lloyd's contention that under the terms of agency agreements signed by Names any dispute must be heard in an English court. They had originally sought an interim injunction to preventing drawdowns on their letters of credit given as part of their deposits at Lloyd's.

Survey into Sunday shopping

ABOUT a million people in England and Wales visited a supermarket every Sunday during March, and 2.8m people shopped on a Sunday at least once during the month, according to a survey by Nielsen market research. The figure for February was 3m, and for January 2.6m.

London has the highest proportion of Sunday shoppers, at about 18 per cent. Households in the north of England are the least enthusiastic – only one in ten Yorkshire-area households took advantage of Sunday opening.

People spend more on Sundays. The average shopping basket on Sundays in 1992 cost £10, but the average bill on other days of the week was £7.40.

Barclaycard fee to rise

THE ANNUAL fee for Barclaycard, which has more than 8m customers, is to rise by £2 to £10. New customers will pay the higher price immediately and existing holders on the anniversary of their first fee payment.

Barclaycard said that an increase in costs, including fraud, made the rise inevitable.

Last challenge to EC working hours

By David Goodhart, Labour Editor

BRITAIN is to make a last-ditch effort to amend the European Community's working-time directive to allow voluntary overtime to be worked above the 48-hour ceiling on the working week.

The directive, scheduled to be agreed by a meeting of EC employment ministers next Thursday, will be the first European test for Mrs Gillian Shephard, the new employment secretary.

British ministers hope Luxembourg and Portugal will support a move either to raise the limit to 52 or 55 hours a week or to allow voluntary overtime on top of the 48 hours. They will also continue to argue that working over 48 hours should be permitted if a risk assessment shows there is no danger to health or safety.

In the past few months some moves have been made in the UK's direction. Some industries such as transport have been exempted from the directive, and the requirement of four weeks paid holiday a year has been lowered to three weeks for the first three years of the directive.

There appears to be further room for manoeuvre on the period within which an average of 48 hours a week must be worked. The UK and Germany favour six months, and a compromise of four or five months looks possible. There may also be further movement on Sunday being "in principle" the day of rest, which the government dislikes because it fears it would give a boost to the anti-Sunday trading lobby.

It remains highly unlikely that the government will agree to the directive, but if enough progress is made on the aspects most strongly opposed by UK employers, it may discard a formal challenge to the legal basis.

Some officials suggest that Mrs Shephard's arrival may have produced greater willingness to compromise on both sides and the Portuguese, who hold the EC presidency, are very keen to get a unanimous agreement – even though approval can be by qualified majority. If there are sufficient signs of progress next Thursday, they may postpone a final decision until June.

Officials have been emphasising that in spite of Mrs Shephard's liberal image she can be expected to take as hard a line as Mr Michael Howard, her predecessor, on both EC employment legislation and the next round of industrial relations law.

On Europe there may be as much change as continuity. Although Mrs Shephard has no desire to reverse the "opt-out" won at Maastricht from extending the EC's power in the employment field, employment department officials say she will be more "pro-active" than Mr Howard.

Fowler favourite to be Tory chairman

By Alison Smith and David Owen

SIR Norman Fowler, a former cabinet minister and Mr John Major's "minder" during the election campaign, is odds-on favourite to succeed Mr Chris Patten as Tory party chairman.

Mr Major is said to share Mr Patten's belief that the job should go to a political heavyweight instead of – as sometimes happens just after an election – a "caretaker".

Sir Norman resigned from Mrs Thatcher's administration early in 1990 to spend more time with his family after a long cabinet career, but has remained active as a senior backbencher at Westminster.

An announcement is expected soon, although Mr Patten will stay on until after next month's local elections before taking up his post as governor of Hong Kong in July.

Mr Jeffrey Archer, the author and former deputy chairman, who played a vigorous role in the Tory election campaign and has been tireless in his work for the party, is said to be a contender.

Another candidate who has been mentioned is Dame Angela Rumbold, who became the party's deputy chairman and a privy councillor in the post-election reshuffle.

The party chairman is necessarily someone who enjoys the prime minister's trust, but the post does not carry automatic cabinet rank.

Since he left the cabinet Sir Norman has become a non-executive director of NFC, the transport company, and Evered Bardon, the quarry products group.

Mr Patten is said to believe there are important and strategic decisions to be taken over the next three to four years, not least in reducing the party's overdraft. He is also believed to be confident that the organisation was effective during the election campaign, for example in the targeting of marginal seats.

Accountants face BCCI inquiry

By Andrew Jack

PRICE Waterhouse and Ernst & Young will be scrutinised as part of an investigation into the Bank of Credit and Commerce International launched yesterday by the accountancy profession's disciplinary body.

A committee of inquiry into the collapse of BCCI has been appointed by the Joint Disciplinary Scheme, operated by the Institute of Chartered Accountants in England and Wales, its sister institute in Scotland, and the Chartered Association of Certified Accountants. The committee will examine "the conduct and competence of members and member firms" in relation to the collapse of the bank, which was closed by the Bank of England on July 5 last year.

The remit is wide-ranging but is likely to examine the work of Ernst & Young, auditor to BCCI until 1987, and Price Waterhouse, which took over as auditor to the worldwide group. It also has powers to examine the role of any chartered accountants who were BCCI employees.

Such investigations are rare and launched only into serious issues that command a high level of public interest. The only other current investigations are into the circumstances surrounding Barlow Clowes, the disgraced fund management company, and Alexander Howden and Minet, the insurance companies criticised in a 1990 Department of Trade and Industry report for diversion of reinsurance funds.

Mr Elwyn Eilledge, senior partner at Ernst & Young, said: "From our own review, we are extremely confident about our role in BCCI. I don't feel we have anything to hide."

Mr Ian Brindle, senior partner at Price Waterhouse, said: "There is a certain inevitability to this investigation. We will co-operate as far as the law allows. Our conduct was exemplary and our competence is of the highest order."

The investigation comes as the profession's disciplinary procedures are being hardened. The most recent finding of the scheme was a £100,000 fine against Arthur Young for its role as auditor to Millbury, the collapsed house-building group controlled by Mr Jim Raper.

Partners accused over Polly Peck

By Andrew Jack

TWO PARTNERS at Coopers & Lybrand Deloitte, the accountancy firm, face the possibility of disciplinary action for an alleged breach of professional ethical guidelines connected to their appointment as administrators to Polly Peck International.

Mr Richard Stone, head of corporate finance at Coopers, and Mr Michael Jordan, chairman of Cork Gully, the firm's insolvency arm, are to appear before the disciplinary committee of the Institute of Chartered Accountants in England and Wales late next month.

They will defend charges that they breached the institute's ethical guidelines by accepting the appointment in October 1990 when there had been "a continuing professional relationship" between Coopers, Polly Peck and its chairman Mr Asil Nadir during the previous three years. The work included a series of feasibility studies for Polly Peck during the 1980s and personal tax advice to Mr Nadir.

Coopers' defence is likely to centre on whether the work it conducted constituted a continuing professional relationship rather than a series of one-off assignments.

The disciplinary hearing comes in spite of the ratification of the appointment of the two partners by Mr Justice Millett in February.

The firm refused to comment yesterday on the allegations.

Haulage group names chairman

MR Martin Llowarch, who stepped down unexpectedly as chief executive of British Steel last year, is to become chairman of Transport Development Group, one of Britain's biggest road hauliers.

Mr Llowarch, who was regarded as a possible future chairman of British Steel until he resigned last May, will succeed Sir James Duncan, who retires at the end of August on reaching 65. Sir James has been chairman since 1975 and has been on the board since 1960.

Mr Llowarch joined the board only in February. The decision to bring in an outsider is another sign of the management shake-up at a company, where profits have marked time for several years. Mr Alan Cole, TDG's chief executive, joined in June 1990. He took over from Mr Jim Lockhart, another TDG veteran who had been group managing director for 11 years.

Mr Llowarch, 56, also sits on the boards of Abbey National, Hickson International and Johnson & Firth Brown. Before embarking on his career as a non-executive director, Mr Llowarch had spent 23 years at British Steel, including a spell as finance director.

● Mr Cecil Parkinson, the former Tory cabinet minister, has been appointed non-executive deputy chairman of Starmin, the quarry products company.

● Mr Peter Ryan is to take over the chairmanship of Torday & Carlisle, the engineering company.

Doubt over council's schools plan

By Andrew Adonis

A WIDELY publicised move by Wandsworth council, the Conservatives' flagship borough in south London, to introduce selective primary schools with government funding may breach the rules of the City Challenge scheme under which funding is being sought.

City Challenge is an inner-city regeneration scheme that takes £750m from existing urban programmes to concentrate it on 20 authorities over five years. It is intended to promote partnership between public, private and voluntary sectors.

Wandsworth's bid – one of more than 60 submitted to the Department of the Environment – includes £3m to improve pre-school education, upgrade three primary schools in Battersea as selective "junior technology colleges", and establish a state "prep" school on the site of Battersea Technology College.

The college, due to open in September, is part of the government's controversial city technology college scheme. The original plan was to spawn elite schools funded largely by the private sector – but in practice the colleges are reliant on the state for about 80 per cent of funding because of a shortage of business sponsors.

The Environment Department said yesterday: "We would not pay [through City Challenge] for things ordinarily part of a local education authority's function. City technology colleges are not within the City Challenge remit."

There is also doubt about Wandsworth's ability to attract "partnership" funding. Mr Edward Lister, the borough's education chairman, has said the plan will be open to outside funding – but the scheme has attracted no private funding, nor is any in prospect.

Mr Lister defended the introduction of selection at primary level as "a welcome addition to parental choice in a deprived area".

Under Wandsworth's plan, applicants for the prep school would be selected by interview. The results of seven-year-old tests might also be taken into account. Entry to Battersea Technology College will be by interview and examination.

If successful, the scheme may mark the most significant reverse for comprehensive education for 20 years.

MR John Patten, the new education secretary, who has forthright views on good and evil, would doubtless praise the latest enterprising efforts by schools to help themselves as a result of a scheme launched by Tesco, the superstore group.

For every £25 spent on its groceries, Tesco is giving a voucher worth about 38p redeemable by schools in software and computing equipment. Some 3,500 vouchers will buy Acorn's BBC A3000; with another 1,400 comes a JP150 printer; and just 300 gets a "Nelson's Navy at Trafalgar" software package.

The great admiral himself would be proud of the campaigns waged by schools to track down vouchers. Staff and parents have been approaching businesses to collect on their behalf. In Swindon, collecting boxes are in the foyers of churches, hospitals and police stations. Door-to-door collections are reported in Pontefract, West Yorkshire.

Wren Park primary and Ravensdale infants schools, in Mickleover, Derby, have put giant "barometers" in front of their schools measuring progress in voucher collection. Essex people and the Welsh appear to be the most avid voucher collectors, Tesco says.

Schools have three more weeks to save up. Tesco has printed 42m vouchers and so far distributed 10m, and expects the promotion to cost it over £3m.

Should not the state be providing all this equipment anyway? "Yes", says one Roman Catholic head, "But remember the good book: unto him that has, more will be given."

FT's David Lascelles wins award

DAVID LASCELLES of the Financial Times has been named senior financial journalist of the year in the Wincott press awards for 1991. The judges commended him for his "masterly series" on the BCCI banking affair.

Mr Nigel Lawson, the former chancellor, presented Mr Lascelles with a cheque for £1,500 yesterday. The awards are made in memory of the late Harold Wincott, a former Financial Times commentator.

Neil Bennett of The Times was young financial journalist of the year and The Daily Telegraph Business News was Business Journal of the Year. The BBC2 Money Programme was the best business programme and Peter Jay, the economics editor, was praised for his contributions.

Paul Neild, of Channel 4 news, was broadcast business journalist of the year. The BBC1 Troubleshooter series won a special commendation.

NEWS: UK

Peter Marsh presents a guide to the ERM and the arguments over changing sterling's status within it

Narrow band for pound gains currency

Sterling's sharp rise since the Conservative general election victory has prompted speculation that the UK *might soon place the pound in the narrow band* of the European exchange rate mechanism

What is the narrow band? The ERM is a system for keeping the main European currencies *within set limits of each other.* The idea of that is to promote monetary stability across Europe and to keep inflation low. In the ERM there are two approaches to tying currencies to each other, based either on narrow or broad bands. Seven of the 10 currencies in the system – including the D-Mark and the French franc – are allowed to fluctuate within narrow, 2.25 per cent bands in relation to each other. The other three – sterling, the Portuguese escudo and the Spanish peseta – have broad, 6 per cent margins.

Why is the ERM important? Mr Norman Lamont, the chancellor, has made the ERM the central feature of UK macro-economic policy. It is based on keeping the pound within set limits of the D-Mark, which is regarded as the core currency of the system. That is because the German currency is still considered the least likely within the ERM to lose its value over the longer term, even though the D-Mark has been under pressure during the past year due to inflation resulting from reunification. The policy boils down to keeping the pound tied in a 6 per cent band around a central point of DM2.95. Under that *system the upper limit is about* DM3.12 and the lower limit DM2.78.

Why is Britain now in the broad band? Currencies face all sorts of pressures on financial markets, which mean they can go up or down depending on economic events. Broad bands provide greater leeway for currencies to gain or lose value against the others. When Britain entered the ERM 19 *months ago it thought* a narrow band would be too restrictive. Mr Lamont, however, has said that the UK will join the narrow band at some point.

Why the speculation about entering the narrow band? Since the election, sterling has benefited from a surge in buying from international investors. That has pushed the pound from about DM2.85 before the election to DM2.925 at its *London close last night,* comfortably within what would be its margins under a narrow band. With a weakening in sterling unlikely over the next few months, it may be a good time to take the plunge.

What would it mean? The new floor for the pound against the D-Mark would be about DM2.88 and the new ceiling DM3.01. If the pound looked as if it would rise or fall outside those limits, then under the system's rules central banks from the ERM nations would be forced to sell or buy pounds to keep it in place. Alternatively, Britain would have to reduce *interest rates (to keep* the pound from going too high) or to increase them (to stop it going too low).

How would it help Britain? It would reduce the amount by which sterling can fall against the D-Mark without triggering official action. The theory is that the implicit support for sterling by governments at some point just above the lower limit would inhibit investors from selling it.

So what? This is where we get on to interest rates. Assuming the theory worked, Britain would be able to cut interest rates, which have been held at *10.5 per cent since September,* without causing international investors to sell sterling.

Can we assume, then, that a narrow band would lead to lower UK rates? Not quite. A key issue is the high level of short-term German interest rates, at present 9.75 per cent. Via the ERM link, those determine borrowing rates throughout the other nations in the system. High German rates, set by the Bundesbank to damp Germany's inflationary surge, have distorted the central philosophy of the ERM, which is based on fairly low levels of inflation and borrowing costs *in Germany. That means* – unless the Bundesbank brings down rates – it will almost certainly be difficult for other ERM nations to do likewise.

Are there other potential problems? Sadly, yes. If the Bundesbank decided over the next few months to push its own rates still higher, a UK move to a narrow band might rebound. That is because more investors would be likely to buy D-Marks, forcing the pound lower against the German currency and possibly dangerously close to its new lower limit in the system.

Would a move to a narrow *band be universally welcomed?* No. Some economists and Tory backbenchers think entering the ERM in the first place was a dreadful mistake, on the ground that it limits flexibility over monetary policy. They would see a move to a narrow band as a further twist of the knife.

How about the impact on the rest of Europe? Joining the majority of European countries in narrow bands would underscore the UK's European credentials. It would signal a positive *stance on* European integration.

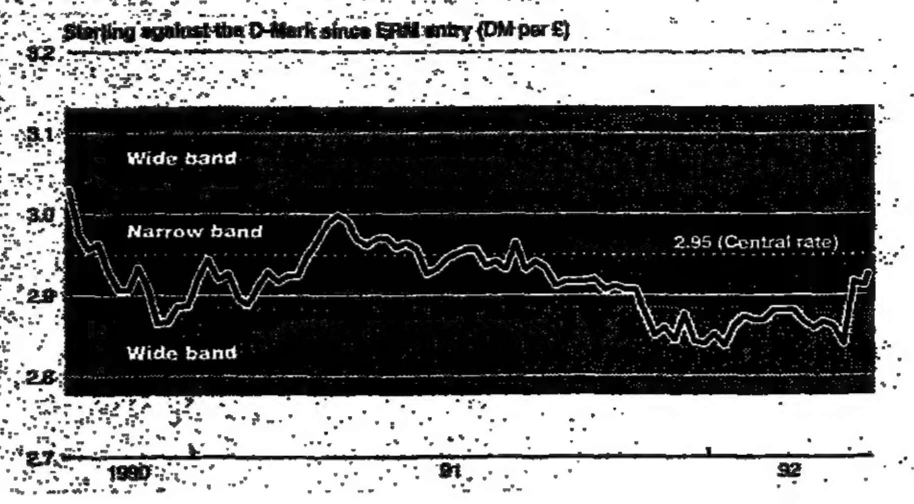
Would a move to a narrow *band help UK economic recovery?* Probably not.

So what is going to happen? Mr Lamont will probably want to stay his hand on narrow bands until the summer, to get a clearer idea about the pace of any UK recovery and also about the Bundesbank's next likely move on German rates.

The case for and against the narrow band

FOR

- Increased confidence in the pound
- *A boost to European* credentials
- Possibility of lower interest rates



AGAINST

- Greater flexibility would be kept in wide band
- Risk of higher interest rates should Germany tighten monetary policy
- UK needs more experience in broad band

Source: Datastream

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance: Total	Visible Trade Balance: Less oil and erratics	Visible Trade Balance: Exports	Visible Trade Balance: Imports	Invisibles Balance
1990	-15.4	-18.6	-21.0	102.0	120.7	+3.2
1991	-4.4	-10.1	-13.4	103.7	113.8	+5.7
Qtr 2	-0.2	-2.2	-2.9	26.0	28.2	+2.0
Qtr 3	-1.2	-2.3	-3.5	26.4	28.8	+1.1
Qtr 4	-0.6	-2.6	-3.5	26.3	28.9	+1.9
Aug	-0.5	-0.8	-1.2	9.1	9.9	+0.4
Sept	-0.6	-0.9	-1.2	8.6	9.5	+0.4
Oct	-0.3	-0.9	-1.1	8.6	9.5	+0.6
Nov	-0.3	-1.0	-1.3	8.7	9.7	+0.6
Dec	-0.1	-0.7	-1.0	9.0	9.7	+0.6
1992						
Qtr 1	-2.1	-3.0	-3.5	26.2	29.3	+0.9
Jan	-0.9	-1.2	-1.3	8.3	9.4	+0.3
Feb	-0.7	-1.0	-1.1	9.0	10.0	+0.3
Mar	-0.6	-0.9	-1.1	8.9	9.8	+0.3

Invisibles for January to March 1992 are projections
Figures are seasonally adjusted, and due to rounding may not add up Source: CSO

Growth in imports supports recovery hopes

By Peter Marsh,
Economics Staff

THE UNDERLYING volume of imports grew by 3 per cent in the first quarter compared with the final three months of last year, supporting hopes that a slow economic recovery may be on the way.

The Central Statistical Office said yesterday that underlying export growth over the period was flat, underlining the world slowdown, which might brake any UK upturn.

According to the CSO, underlying import volumes last *month fell by 0.6 per cent com*pared with February, while export volumes were flat. The underlying level strips out trade in oil and high-price erratic items such as ships and gems, which distort the pattern.

By value, imports, including oil and erratics, fell 2 per cent in March to £9.8bn. On that basis, exports were 0.5 per cent lower at £8.9bn. That produced a deficit on all merchandise goods – the so-called visible deficit – of £875m. That compared with *£1bn in February* and matched City expectations.

Taking *into account* a projected March surplus on invisible trade – services and various financial transfers – of £300m, the deficit on the current account as a whole works out at £575m. In February it was £708m. These figures for both months are subject to revision when better estimates for invisibles become available.

Without oil and erratics, March's trade deficit was £1.1bn, the same as February's.

The level of underlying import volumes in the first *quarter was the second-highest* on record. It was 5.5 per cent higher than in the corresponding period last year.

Between the first quarter and the final quarter of last year, growth in import volumes was especially marked for intermediate materials – such as factory components – and other materials used in industry. That supported theories that companies may be increasing stocks, on the basis of recovery hopes.

Underlying export volumes between January and March were at record levels, up 4.5 *per cent compared with the* equivalent period last year.

However, volumes in the first three months were up by less than 1 per cent compared with the final quarter of last year – the previous record – probably reflecting export difficulties due to slow growth in other developed countries.

Exports in value terms to the rest of the European Community – which accounts for roughly half total UK exports – were down 3 per cent in the *first quarter* compared with between October and December. However, exports to the *US were up 5.5 per cent over* the same period.

Sillars condemns '90-minute patriots'

By James Buxton,
Scottish Correspondent

MR JIM SILLARS, deputy leader of the Scottish National party and a leading campaigner for Scottish independence, has said that he now doubts whether Scots have the "character and ability" to face up to the responsibility of making their country independent.

Mr Sillars, who lost his Glasgow Govan seat to Labour in *the general election, said Scot*land had too many "90-minute patriots" whose national outpourings were confined to big sporting events.

In a Scottish Television interview he said that Scots had twice mishandled the chance of taking a decisive step forward – once in the referendum on a devolved assembly in 1979 and again on April 9. It was very unlikely *they would get a third chance.*

He complained that, from January, the people of Scotland had been telling the world they were heading for independence and then in the end Mrs Margaret Thatcher had been right when she had said that when it came to the crunch Scots would hesitate.

Mr Sillars said he was not giving up the deputy leadership of the SNP, but had no immediate desire to return to Westminster.

He said that the drive by *opposition parties to secure a* multi-option referendum on Scotland's constitutional future was a post-election placebo – it was dishonest to pretend that Scots would win devolution in such a way. The revival of the Scottish Conservative party would continue at the next general election.

The strength of popular demand for a referendum will be tested tomorrow when Scotland United, the newly formed grouping of all non-Conservative parties, holds a rally in Glasgow. It hopes to attract more than the 3,000 to 4,000 people who attended its first rally on the *Sunday* after the election.

FINANCIAL TIMES

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Saturday April 25 1992

Prospects for Majornomics

IT'S DEJA VU all over again, as the late Sam Goldwyn might have put it. This will certainly be a strong feeling among the finance ministers gathering in Washington for the Group of Seven this week. They will look at an IMF economic forecast – growth, but not just yet – in which only the dates seem to have been changed since last year, and wonder why they should believe it this time. They will hear the familiar American call for economic stimulation, and will no doubt offend Mr Nicholas Brady by giving the usual answers about inflationary pressures.

This provides a rather grey setting for Britain's triumphantly grey prime minister, Mr John Major. He would not ask for anything more stimulating, for nobody hates inflation more than he does. His view will be influential, for his prestige among his foreign colleagues is much enhanced. It is now based on achievement rather than promise, and enviable achievement at that: he is the one statesman in the world who has managed to retain popular support while disinflating the economy.

His prestige certainly goes a long way, too, to explain the extraordinary surge in sterling last week – a natural response to the end of political uncertainty, but also something more. The historic parallel here is a little more distant: it is a decade since another likeable advocate of the free market first inherited a savage monetary squeeze, and then sought to revive the economy through massive public borrowing. The markets loved Mr Reagan, too.

Irresistible promise

The irresistible rise of the dollar from 1982 to early 1985 was propelled by the developing country debt crisis. For worried investors, the American promise of high real interest rates for lending to a sound, politically stable economy was irresistible. Foreign investors eagerly bought the bonds issued to finance a national deficit which had been denounced as ruinous and irresponsible. (Did Mr Peter Peterson, the most insistent prophet of doom, brief Mrs Thatcher during her US visit two weeks ago?) Foreign investors went on to drive up an undervalued equity market. What went up did in the end come down – but relatively smoothly, and years later.

The parallels are quite striking. What is happening now, as then, is essentially a flight to quality. It was foreign demand for gilts which powered sterling last week, making fools again of those who forecast a funding crisis. The British are a self-deprecating race, so readers may find the idea of a flight into sterling bizarre. But if you compare British consensus and consolidation with German inflation and the threat of strikes, or Mr Major's secure position with that of President Mitterrand – or even President Bush – it is not so implausible.

For the Japanese, still the world's main savers, the appeal is especially strong. This line of thought leads on seductively. British equities look significantly undervalued, compared at least with Wall Street. A full replay of the Reagan experience would be a heady prospect for British investors. It is time, before optimism gets out of hand, to list the differences between Reaganomics and the choices open to Mr Major.

Currency gains

The most obvious is that while the dollar floats freely against the other leading currencies – and in the end sank pretty freely – sterling's movements are constrained. Since investors tend to factor in currency gains with market gains, this should ensure that sterling securities are less internationally volatile than dollar securities, and so calm things down. More important, Mr Major does not share Mr Reagan's comforting beliefs that deficits don't matter, and can in any case be reduced by cutting taxes. He will pursue a more conventional path, again with less dramatic results. Finally, Mr Reagan had the luck to share a world boom; Mr Major's prospects are dimmer.

All the same, they are favourable in many ways, and enviable in some. The pain of the recession has produced real gains in efficiency, so British competitiveness looks stronger (and German much weaker) than seemed likely when sterling's ERM central rate was first chosen. British employment costs are especially attractive within Europe, thanks to comparatively low social charges and favourable demographics. Substantial inward investment is likely to persist, providing jobs and future export growth, even if European growth is undynamic.

This inward flow will help, too, to finance the British current account deficit – indeed, as the US government used to argue, a current deficit is the accounting counterpart of a foreign inflow. This is still the most awkward corner Mr Major faces; for although the current account should in theory be a mere memorandum item in a world of free capital movements, a big deficit can still frighten the markets. Revived demand at home, and the arrival of foreign capital equipment threaten such frights. But Mr Major has one unique bit of luck: due to a bureaucratic shake-up, the British trade figures will vanish altogether for half of 1993. Long live invisible trade.

Another rough ride for Patten

Joe Rogaly and Simon Holberton on Hong Kong's new, powerful governor

There is no doubt about it: Mr Christopher Patten will be a heavyweight governor of Hong Kong. When it comes to matters Chinese he is, however, an inexperienced heavyweight, a high-powered innocent abroad. Will he outwit the dragon, or will it gobble him up?

As he sets out for fittings for a plumed hat and other gubernatorial fancy dress he may reflect upon the strengths he takes to the job. His contacts in Whitehall are as good as – some say better than – those of most ministers in Mr John Major's cabinet. When he speaks the people of Hong Kong will know that what he says has the backing of the prime minister and the foreign secretary. When he negotiates with the Chinese they will soon see that there is nothing to be gained by trying to shift disputed items up a rung to Downing Street.

Mr Patten's ties with the foreign secretary, Mr Douglas Hurd, go back to when they both served in the Conservative research department in the late 1960s. They worked together when Mr Hurd was political secretary to the then Mr Edward Heath and again at the Northern Ireland office in the early 1980s. In 1986, as the Westland helicopter affair blew itself out, Mr Patten and a group of like-minded ministers told Mr Hurd that "should the No 11 bus come along" – that is, should Mrs Margaret Thatcher be struck down – they would campaign to make him her successor. That is exactly what he and his friends did when the No 11 hit home in November 1990.

The new governor's close relationship with the prime minister is of more recent vintage. When Mr Patten was a parliamentary secretary in the Northern Ireland office in 1984 he became acquainted with Mr Major, then a freshly-minted junior government whip. "That is the most talented man of my generation," he told a friend. The well-hidden man of talent eventually joined the "blue chip group", a dining club founded by Mr Tristan Garel-Jones, a foreign office minister, and our hero, among others. During his 17 months as chairman of the Conservative party Mr Patten and Mr Major have come to know one another well; the successful outcome of the election puts the latter in the former's debt.

These advantages should allay the doubts of those Hong Kong residents who ask, with some justification, what credentials Mr Patten has for the job, other than a sense of deep disappointment at losing his seat in Bath. He is very upset; he came to regard both the constituency and his delightful nearby cottage, a converted chapel, with especial affection. But Mr Patten has always kept a place in his dreams for what he calls "life after politics", even imagining himself, at times when his fancy takes flight, as perhaps a future president of the World Bank, or head of a United Nations development agency.

Such fantasy appointments enable him to picture himself helping to develop the Third World on a large scale, as he actually did with some success, although on a small scale, as minister for overseas development in 1986-89. He won the ODA a budget increase of 7 per cent in real terms – and he did it while Mrs Thatcher was still prime minister. "That's big potatoes," he said, boosting Britain's minuscule aid budget as best he could. But Hong Kong is not Third World: it is in a growing and rampant first world corner of Asia. Mr Patten has never regarded his ambitions as forever

confined to the British isles, but there is no evidence that he knows much of Hong Kong, or Chinese, or China.

He is, however, a quick study. In spite of a robust social round at university he managed a good second in history at Balliol College Oxford. He is widely respected for his intelligence, his willingness to entertain all manner of ideas and persons, and, latterly, his political ruthlessness. The image of "cuddly Chris" has been destroyed by his hard-nosed management of the election campaign. What is revealed is a rapidly matured 48-year-old politician of unquestioned ability and fine imagination whose principal qualifications, listed above, derive from the fact that he has practised no other art than politics since he left university.

His first big conundrum will be whether to break with all that. If he is to win the allegiance of Hong Kong's articulate high earners and businessmen he must demonstrate that he sees himself as the protector of the colony's interests, even where those conflict with Britain's. But how can he – he who is above all chum and confidant of the prime minister and foreign secretary? The man who, as secretary for the environment, administered Mrs Thatcher's poll tax while regarding it as a disaster may find a way.

It will, however, be difficult. Mr Patten's greatest domestic challenge is to ensure that institutions which protect the interests of Hong Kong's citizens and businesses – an independent judiciary, a partially elected legislature, and a free press – are firmly rooted; his greatest foreign policy challenge is to convince the Chinese government that it is in their interests that he should do so.

The framework is there, at least on paper. There are two basic documents, the September 1984 Anglo-Chinese joint declaration, and the Basic Law – drafted by the Chinese and passed by their legislature in 1990. Neither is perfect but both legitimise the concept of "one country, two systems" and provide for a high degree of autonomy for Hong Kong after its reversion to Chinese sovereignty on July 1 1997.

The colony's vibrant economy is currently exhibiting the dynamism for which it is justly famed. Real growth this year is expected to accelerate to 5 per cent from 4 per cent in 1991. Hong Kong's economic integration with southern China – principally Guangdong where strong ties of family and dialect exist – is proceeding at an astonishing rate. The local bourse is the best performing leading stock market in the world. This is the golden goose that it is in everyone's interest – Britain's, Hong Kong's, and China's – to keep alive.

The trick can be done by a skilful political operator, which Mr Patten happens to be. But he will need many skills. The administration he will take over lacks firm leadership. The civil service employs capable officials but is demoralised. Like the executive, it is struggling to come to terms with the introduction of limited democracy.

This needs some explaining. The colony's legislative council, (LegCo), has 60 members, 18 elected by popular vote. Most of the 18 returned in last September's poll support Mr Martin Lee, the leader of the United Democrats. Like Mr Patten, Mr Lee is a devout Catholic; unlike him he is driven by conviction, and hence regarded by the present administration as inflexible. Thus the Hong Kong government has acted as if the elections never happened. Mr Lee's supporters have been obliged to adopt the role of an opposition.

Mr Patten must decide whether to risk bringing Mr Lee and his associates into the Executive Council, or ExCo. The sticking point for the present governor, Lord Wilson, was Mr Lee's refusal to accept collective responsibility, although he said he would abide by secrecy. Yet this is only an issue if the governor makes it one: the rules of government are not immutable nor are they universally observed. Mr Patten will anyway have to get to know the personalities in LegCo quickly. The council has to approve government expenditure: it can amend bills; and it may scrutinise government decisions. A sure touch with LegCo might be the least that Mr Major, ever the Whip, could expect of his new governor-general.

That achieved, Mr Patten will face the not unfamiliar question of electoral reform. He has it within his gift to gerrymander, when he negotiates the details of the new electoral system to be put in place by 1995 under the existing agreements. He should resist the temptation. He will be told that the people of Hong Kong are not interested in democracy, that all they want is a quiet, prosperous life. He will also be told that Mr Lee is increasingly unpopular. This can be put to the test in 1995; how fairly will depend upon the new electoral system. Mr Patten has two tasks here. First, he must make the right choice: 20 representatives elected in 20 seats by one-person-one-vote is best. Then he must get China to agree. He must somehow persuade Beijing that a Hong Kong which recognises a plurality of views is most likely, in the long run, to retain the confidence of its people and their commitment to its development.

Relations between Britain, its Hong Kong dependency and China have been slowly but painfully recovering since the rupture of June 4 1989. But the "big atmosphere", as the Chinese call it, is still poor. China is deeply suspicious of British intentions. In its view Britain aims to maximise the commercial benefits to itself (through projects such as the $HK114bn airport) and at the same time lay down structures that will perpetuate British influence beyond 1997.

Beijing's counter is the Chinese water torture: an incessant drip, drip, drip of interference in domestic affairs. Its spokesmen now regularly comment on the colony's activities in a manner calculated to undermine the government's authority. Recently, without prior consultation, China appointed 44 Hong Kong worthies to advise it on Hong Kong matters.

The relationship with China is managed by the governor through intermediaries, notably the Anglo-Chinese Joint Liaison Group (JLG) which negotiates the detail of the hand over. He also has regular contact with Lu Ping, head of the Hong Kong and Macao Affairs Office of the State Council, who reports directly to Li Peng, China's current prime minister. But what does this mean for the colony? The current power struggle in Beijing is not helping. The natural tendency of Chinese officials is to keep their heads down and wait to see which faction emerges triumphant.

It is hardly surprising that little progress is being made in the JLG. Negotiations over air service agreements between Hong Kong and third countries and the future of British military land in the colony are proceeding at a snail's pace. Trivial matters such as a plan to change the status of the local broadcaster have been allowed to get out of hand. There is a growing backlog of work relating to Hong Kong's external relations: some 400 treaties have to be changed to account for Hong Kong's post-1997 status.

In short, the dragon Mr Patten will set out to tame is many-headed, possessed of ancient wisdom, and strengthened by an accretion over the centuries of an infinite patience. We will only know he can do it if he does.

MAN IN THE NEWS: ***John Cahill***

Trench fighter in the cockpit

The inscription on the bulky grandfather clock in BTR's boardroom sums up the simple philosophy of Mr John Cahill, the industrial conglomerate's former chief executive: "Think of rest . . . and work on."

Mr Cahill, 61, was forced to step down last year after reaching BTR's mandatory retirement age of 60. Instead of taking life easy in his homes in Rhode Island, Florida and London, reading 18th-century English history, listening to classical music or playing tennis – all of which he likes – he has just agreed to take on probably the most difficult job in British industry.

As the new full-time chairman of British Aerospace, he faces the daunting task of rebuilding the badly dented reputation of the country's biggest exporter of manufactured goods and restoring a sense of direction to the group.

When he was running BTR, he once warned the 1990s would be a tough decade. "The dinosaurs will roll over and die and the people who will survive will be the ones who offer good service and have a good cost base," he said.

For BAe, the 1990s have so far been tougher than for most other groups. The company has been battered by the cyclical decline in its commercial aerospace, cars and property and construction businesses while its core military activities have been hit by post Cold War defence spending cuts. Since its flopped £432m rights issue, the subsequent boardroom coup and the ousting of the then chairman, Professor Sir Roland Smith, last September, morale inside the company has been rock bottom.

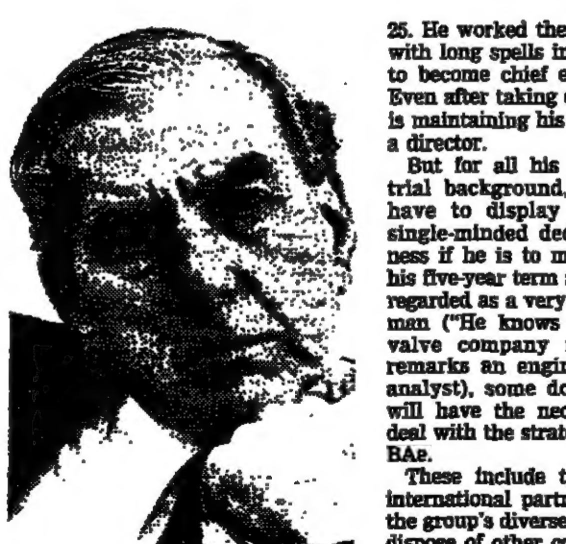
With one foot still in plaster following a fall six weeks ago, Mr Cahill seemed anxious on Thursday to get down to work. "The man was not designed to relax," says one of his former BTR associates. "He is a very bad retiree and he doesn't like holidays."

Lean and long, with an urbane, soft-spoken manner, Mr Cahill has always had the reputation of a workaholic. He has already spent time studying BAe and its current operations. Before accepting the job of chairman, he took independent soundings of the state of the company. "He came to see me and I gave him a pretty grim exposé of BAe's problems. I thought he would never accept the job after what I told him," says an aerospace consultant.

But the job offers Mr Cahill a big opportunity to turn BAe around. As an outsider, and someone who has never been part of the "old boy" network, he can take a fresh look at the company's problems and engineer its restructuring. "He's nobody's fool. He thinks on his feet and he will undoubtedly take a hands-on approach to the business," says a City banker.

There is a question mark, however, on how much freedom he will have to introduce new strategies. One of the conditions set by BAe for the job was that the new chairman had to work closely with the company's existing top management team to pursue the broad policy objectives set out in last year's ill-fated rights issue document.

Mr Cahill confirmed he intended to work with Mr Dick Evans, BAe chief executive, and the board.



Tough decisions will have to be taken on restructuring and these are likely to provoke tensions inside the company. But Mr Cahill appears relatively optimistic and says: "I understand the philosophy of the industry; I don't regard aerospace as a 'has been' business but a healthy one."

The new BAe chairman is an old-fashioned capitalist in the American managerial mould. He describes himself as "a factory man". He is not flash, wears understated suits and quiet ties and he dislikes ostentation – a trait that is in the parsimonious tradition of BTR.

His business credo is, in a nutshell, to keep a constant tight grip on costs while improving operational and financial efficiency. "I'm a trench fighter," he once said.

After leaving school, he worked for a few years in the City as a stockbroker and then became a salesman peddling fancy goods. He joined BTR – then the Birmingham Tyre and Rubber Company – as a management trainee when he was 25. He worked there until last year with long spells in the US. He rose to become chief executive in 1987. Even after taking charge of BAe, he is maintaining his ties with BTR as a director.

But for all his rock-solid industrial background, Mr Cahill will have to display more than his single-minded dedication to business if he is to make a success of his five-year term at BAe. Although regarded as a very good operational man ("He knows how to make a valve company more efficient," remarks an engineering industry analyst), some doubt whether he will have the necessary vision to deal with the strategic issues facing BAe.

These include the need to find international partners for many of the group's diverse activities, sell or dispose of other components of the company and ultimately decide whether to retain the property and car businesses or simply refocus the company around defence and aerospace.

Mr Cahill conceded this week that he was not a political animal and suggested it was Mr Evans who had the political contacts. But it is difficult to see how he can remain apolitical as chairman of a company whose primary customers are governments throughout the world – the UK's and Saudi Arabia's chief among them.

He will also have to prove he can be number one. Although chief executive, he was always overshadowed at BTR by Sir Owen Green, the chairman.

With his appointment, BAe has picked a man with a proven record as a chief executive. The irony would be to see his arrival create a chief executive triumvirate at the top of the company consisting of Mr Cahill, Mr Evans and Mr George Simpson, BAe's recently appointed deputy chief executive. That would leave the company still looking for a chairman.

Paul Betts

Developments from Germany to Japan have loosened the Group of Seven's grip on the global economic structure, writes **Peter Norman**

A world of uncertainty

By rights, the next few days in Washington should be a period of quiet satisfaction for the capitalist west.

Russia and the other republics that emerged from the wreckage of the former Soviet Union are due to join the International Monetary Fund next week (IMF), marking their entry into the international financial community and their acceptance of market economics.

But there is no sense of triumph in the finance ministries and central banks of the world's richest nations, as they prepare for tomorrow's meeting of the Group of Seven leading industrial countries and the regular spring meetings of the IMF and World Bank on the following two days.

Over the past six months, it has dawned on policymakers that the world economic structure of the 1980s, which the G7 – the US, Japan, Germany, France, Italy, the UK and Canada – could dominate, is no more. Nobody pretended it was an *ideal* economic order. But the G7 participants knew enough of each other's temperaments and goals to avoid damaging, public rows most of the time and occasionally to attempt ambitious schemes for co-ordinating policy.

The old certainties have been replaced by widespread uncertainty and confusion. In the interdependent world economy of today, such confusion could pose a threat to the G7 nations and smaller industrialised countries too.

Economists and pundits still like to think of a tri-polar world, with economic influence shared between the US, the European Community and Japan. But over the past six months, this vision has been threatened by bewildering developments in a vast territory from the Rhine Valley in the west to Tokyo in the east.

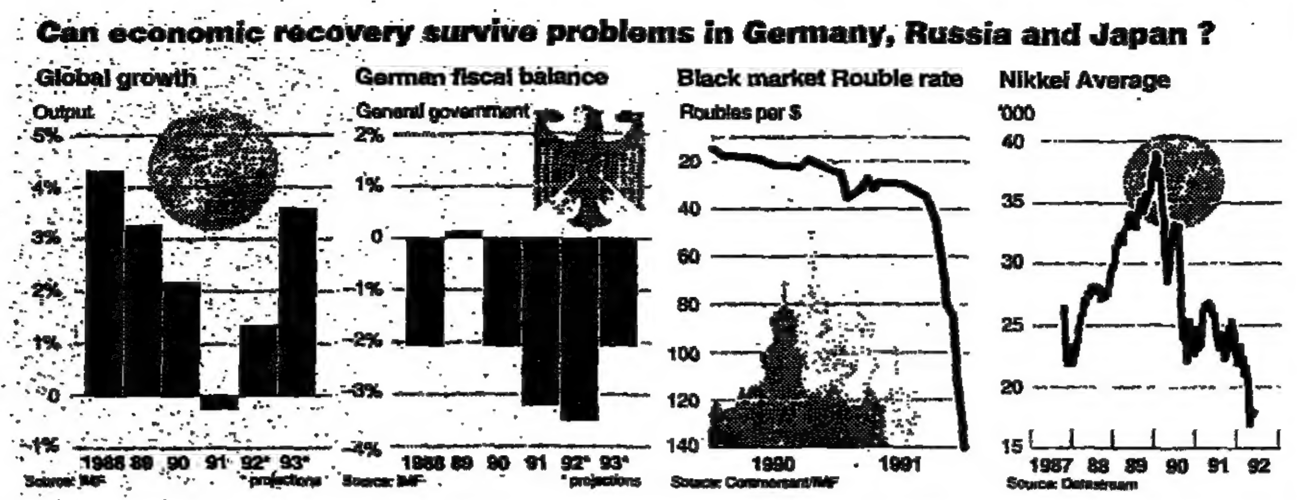
Western policymakers are no longer able to assess accurately the import of three distinct economic developments:

● Nobody knows what is happening to the Russian economy: whether its precipitate decline in activity is approaching bottom or whether more misery lies ahead.

● It has become increasingly unclear whether Germany can make a success of unification. Some of Germany's trading partners fear that the new *Länder* will be incapable of being weaned off subsidies and transfer payments from the west, necessitating high German fiscal deficits and high interest rates for a considerable time.

● The causes and dynamics of Japan's shrinking stock market values are not clear to policymakers in other G7 countries. Officials in the US, Canada and Britain learned the hard way in the 1980s that asset price deflation is difficult to manage and translates all too easily into real recession. Although Japan's trading partners have so far accepted the assurances of Tokyo that *all* is under control, doubts remain.

These three imponderables cannot be taken in isolation.



The interdependence of the world economy means that all have serious implications for other countries.

Germany's problems of integrating the new eastern *Länder* were felt throughout Europe last December. To curb the monetary expansion unleashed by massive fiscal transfers and subsidies to the east, the Bundesbank raised its interest rates to levels last seen in the 1930s.

Since the G7 last met in Garden City, Long Island, in January, recognition has grown among Germany's trading partners that the country's problems are not those of an overmighty central bank. Instead, attention has focused on the mix of monetary and fiscal policy. The IMF this week joined the fray, calling for a more rapid reduction in Germany's fiscal deficits to help lower European interest rates.

Such action is easier to prescribe than carry out, however. Transfers from west to eastern Germany totalled some DM140bn (£48bn) in 1991. The Bundesbank has calculated that last year's deficit amounted to about 4 per cent of German gross domestic product, and was therefore only slightly above its level at the beginning of the 1980s. Various costs of union, including the accumulating debts of the Treuhand privatisation agency, have been kept off balance sheet but will have to met by the state at some point. Counting in these factors, some independent experts believe German fiscal deficits are nearer to 6 or 7 per cent of GDP than the 3.6 per cent general government deficit projected for this year by the IMF in its latest World Economic Outlook.

Such figures beg important questions regarding Russia. If the Germans have such difficulties absorbing eastern Germany, what hope can Russia and the other east European countries have for their own economic progress? And how far will the G7 finance ministers and central bankers be prepared to go to provide aid for Russia?

Mr Nicholas Brady, the US treasury secretary, said last week that he thought the Russian reform programme was intact. But nobody in western finance ministries or central banks has a clear idea of what Russian monetary policy constitutes.

One example of confusion is the Russian attitude towards currency stability. Reports this week have suggested that the Russian government wants to adopt a "crawling peg" system of adjustable exchange rates for the rouble. If that is the case, there will be no point in the west's discussing a $6bn stabilisation fund for the rouble at the G7 meeting tomorrow and at the meeting of ministers and central bankers from the Group of 10 big industrial countries on Monday.

Although the west welcomes Russia and other former Soviet republics into the world of free markets, G7 officials have serious misgivings about committing their taxpayers to large-scale financial support. As a senior official muttered this week: "What if Russia is just a bigger and endless version of eastern Germany?"

There are worse scenarios: what if Russia and some of its neighbours fall prey to the same destructive trends that have plunged the former Yugoslav republics into civil war?

Unanswered questions also remain over the possible damage that Tokyo's stock price slide could wreak. The lessons of the US, UK and Canada are that such asset price deflation heightens the risk of spectacular corporate failures. In Japan's case, it is easy to imagine growing problems for the country's banks when their capital bases have already been eroded by losses on large shareholdings, and more difficult borrowing conditions for clients of these banks abroad.

Confidence in Japan would be greater if the government were more effective or more transparent. But G7 officials admit that it is difficult to gain an insight into the workings of the weak and scandal-prone administration of Mr Kiichi Miyazawa.

These deep-seated worries throw the IMF's latest forecast of lacklustre 1.4 per cent growth in the world economy this year into sharp relief. The problems of Germany, Russia, Japan and the rest of the industrialised world would be easier to contemplate if growth were more assured.

Whether these concerns surface in the final communiqués of the G7 or the other meetings in Washington this week is open to doubt. Interesting discussions in such forums tend to produce bland statements.

But the increased difficulty of managing the world economy cannot be held off the international agenda, and will be ripe for discussion at the Munich World Economic Summit of G7 leaders in July.

In the beginning . . .

Clive Cookson explains the latest cosmic discovery

Cosmology is in a ferment this weekend, as scientists study the first pictures ever received of the young universe, expanding out of the Big Bang which created everything about 15bn years ago.

The observations, made from space by a US satellite, show gigantic ripples of matter forming from the original cosmic fireball. These are by far the earliest signs of the "lumpiness" of the universe, which gravity was later to pull together into galaxies, stars, planets and the objects familiar from life on earth.

The significance of the discovery, announced on Thursday, may not match some of yesterday's fevered newspaper headlines, which suggested that the "riddle of the universe" was now solved. Even so, it is the most important event in cosmology since 1964, when scientists detected microwave radiation coming uniformly from all parts of the sky – a faint after-glow left over from the Big Bang itself.

That evidence convinced most cosmologists that the Big Bang theory of the universe was broadly correct and discredited the rival Steady State theory. But it left several mysteries. How could everything become so evenly mixed in the instant following the Big Bang? And how could this evenly distributed matter then clump together?

This week's discovery – the result of 300m observations made over the course of a year by Nasa's Cosmic Background Explorer satellite (Cobe) – will help cosmologists to resolve these mysteries.

Cobe has found variations in the cosmic background radiation which had previously seemed to come so evenly from all directions. Analysis by computer proves that these are genuine fluctuations in the after-glow from the Big Bang, rather than distortions caused by radiation from astronomical objects.

The variations represent huge ripples of matter, stretching across billions of light-years of space and dating back about 15bn years to when the universe was just 300,000 years old. At that time all matter was as hot as the sun today.

The most powerful telescopes have already shown objects such as quasars and galaxies so far away that their radiation set out when the universe was 1bn years old or less than 10 per cent of its present age. Cobe has in effect taken a huge leap back in time to a universe 0.002 per cent of its present age.

It may be impossible ever to "see" further into the past than that; when the universe was less than 300,000 years old it was too dense to allow radiation to escape. But scientists will use Cobe's observations – which will become sharper as the satellite spends more time in orbit – to extrapolate back to within a tiny fraction of a second of the Big Bang.

Nasa scientists say the first fuzzy pictures from Cobe agree with a version of the Big Bang theory known as "inflationary cosmology". It postulates that the universe had a burst of unbelievably rapid expansion – *faster* even than the speed of light – during a period lasting less than one trillionth of a second, immediately after its creation.

All the fundamental particles and forces we know today originated during this inflationary micro-period. At the same time, minute fluctuations in the density of matter arose, leading to the cosmic ripples seen by Cobe and eventually the uneven universe in which we live.

The Cobe observations also support the widely held theory that the familiar objects seen by astronomers – galaxies, stars, planets, quasars, interstellar dust clouds and so on – make up less than 10 per cent and perhaps as little as 1 per cent of all material in the universe today. This is because the amount of gravity provided by the visible fluctuations is not nearly enough to pull together galaxies and clusters of galaxies.

The remainder of the universe consists of mysterious "dark matter". Mr Edward Wright, a Cobe scientist from the University of California, said this "must be a new kind of matter, not yet detected. We need such invisible matter to explain how galaxies formed in the early universe and gathered themselves together into huge clusters. Ordinary matter would be attracted into regions of concentrated dark matter and the universe as we know it today could develop."

Particle physicists have proposed a long list of exotic particles left over from the Big Bang, as possible candidates to make up the dark matter. They include heavy neutrinos, Higgsinos, gravitinos, axions, photinos and wimps (weakly interacting massive particles).

The Cobe observations tell us nothing directly about the identity

of dark matter. But they give a basis for calculating *how much* dark matter there is in the universe. That is the vital issue for the future of the universe.

Is there enough matter for gravity to stop the universe expanding and to draw everything together again in a Big Crunch tens of billions of years from now? Or will the universe continue flying apart for ever, as the stars gradually burn out and everything spreads out into an infinite coldness?

The first reaction of some scientists to the Cobe results was that they supported the idea of a "closed universe" which would pull itself back together. Others continued to support the "open universe" theory. Professor Martin Rees, director of Cambridge University's Institute of Astronomy, said tentatively that they were consistent with a "flat universe" precisely balanced between being open and closed.

What is needed now to solve the riddle of the universe is more precise observations from Cobe, backed up by ground-based instruments which Prof Rees said would soon be able to detect irregularities in the background radiation.

It is reasonable to expect that, by the end of the century, there will be a scientific consensus about the ultimate fate of the universe. That may be of no practical use to anyone, but it is bound to have a cultural and social impact on humanity, knowing whether our ultimate future is in another cosmic fireball or cold nothingness.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

EC move on direct mail will create problems

From Mr Peter Chilcott.

Sir, Andrew Hill's article on proposed EC data protection legislation ("Data protection raises EC hackles", April 21) covers much essential ground in this debate but misses some vital points. The proposed directive, in part intended to protect consumers from "junk mail", will have precisely the opposite effect.

There is no doubt that a right to restrict the use of data on private individuals should be enshrined in law. People should have the right to know what data is held on them and who holds it. They should also have a right to have their names removed from lists if they want.

The draft regulations with regard to direct mail will create far more problems than they solve, however.

For example, the Commission's draft directive says that "profiling" in the use of computer lists will be forbidden. Thus, if an insurance company selling policies specifically geared to women has a list of names and addresses it will be illegal just to select women on the list – the company must mail to all the men also.

This is nothing short of ludicrous. It will add massively to the costs of direct mail and these costs will ultimately be passed on to the consumer. It will greatly increase the annoyance caused by direct mail because it will truly become junk mail.

It is to be hoped that the Commission will take note of the European parliament's concerns – and those of the many professionals in data use and data protection who have made their views known – and amend the draft directive accordingly.

Peter Chilcott,
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Peterborough PE1 5TT

Corporate security strategies can help counter terrorism

From Mr P A Gwynn.

Having the ultimate responsibility for investigating serious crime in the City I was very disappointed to read the remarks of Mr Noboshi Kamei of Sanwa Bank in your article, "City workers accused of complacency on security" (April 23), on security in the wake of the St Mary's Axe bombing. Unlike Mr Kamei I firmly believe that there is a range of positive preventive measures capable of deterring the terrorist.

As a community the Square Mile can, in partnership with the police, raise general public awareness of the potential threat. Terrorism after all is serious crime – the murder and maiming of innocent people and the destruction of property. Society has long accepted the principle of combating and preventing general crime, so why should terrorism be viewed any differently?

We need to maximise the effectiveness of the available resources, ie the deployment of the man guarding resources by patrolling the exterior of premises, enhanced use of closed-circuit TV cameras, proper access control measures to buildings and encouragement of staff to be alert to any suspicious activity, whether by individuals or vehicles in the vicinity of their premises. The police, meanwhile, play their part by substantially enhancing uniform patrolling and focusing all their efforts to protect the public. By these and other methods we can together hopefully deter the terrorist.

In the event of an incident occurring, the loss of life, injury and damage can be minimised by taking physical and and safety protection measures – blast-proof film for windows and bomb incident contingency plans covering the searching and safe evacuation of premises.

Implementation of these basic security and safety plans should be an integral part of any corporate security strategy serious in its efforts to protect its employees.

Free advice is available to all who ask.

P A Gwynn,
detective chief superintendent,
head of CID,
City of London Police,
26 Old Jewry, London EC2

Not lobster eaters

From Mr William Norton.

Sir, The article by Dominic Lawson, "Pity the lobster socialists – A plan to help wealthy Labour voters carry on" (April 18), must be one of the most insensitive ever to by published by you.

The 3m unemployed, the many bankrupt entrepreneurs, the dispossessed, do not eat lobster – nor will they be helped by the new government.

Mr Lawson has displayed his total lack of Christian charity in his unwillingness to countenance the redistribution of wealth from fat cats (like him and me) to the poor and needy. His cynical approach would have made even Marie Antoinette ("let them eat cake") seem generous.

Government of the people, by the 42 per cent for the 42 per cent was not what Abraham Lincoln had in mind.

Cannot you dispense with the services of this servant of Genghis Khan?

William Norton,
The Dovecote Field,
Brant Broughton, Lincoln

Proper use of engineers

From Mr John C Chicken.

Sir, Dr Murphy's letter (April 22) does not deal with all the problems of employment of professional engineers in Britain. Having had experience in both Britain and Germany I would add some points that should be considered with the arguments Dr Murphy presented.

Having interviewed several early and mid-career engineers, with quite reasonable university education behind them, I have been very disappointed that many have been willing to accept jobs at the technician/technologist level rather than struggle for positions as a fully responsible professional engineer. This may mean that some employers use graduate engineers when they need only employ technicians. It therefore must be recognised that, without appropriate qualifications, official statistics of the employment of engineers can give a misleading impression.

German employers try and use all employees, including engineers, as efficiently as possible. This may partly account for German GNP/head of population being considerably higher than Britain's.

The test for all employees should be: "What is your contribution to the commercial success of your employer?"

John C Chicken,
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Grounds for a Lloyds bid for Midland are 'dubious', says union

From Mr Leif Mills.

Sir, There has been much recent press speculation about the possibility of Lloyds Bank making a bid to take over Midland Bank. The speculation is allegedly based on sources from within Lloyds Bank. Your own editorial (April 22) seemed to support the idea on the very dubious grounds that "only a full-scale integration of two banks is likely to bring about the scale of cost-cuts the industry needs".

We are the only union in Midland Bank and have some two-thirds of the staff in membership. In Lloyds Bank, we have over 15,000 members, which again is a significant proportion of the total workforce.

We have been involved in discussions with Midland Bank about the bid from Hongkong Bank and have received a number of assurances, which we welcome. We have had no discussion with Lloyds and I find it extraordinary that Lloyds could even consider a merger with Midland without discussing the matter with us, representing many thousands of staff in both banks.

If Lloyds were to merge with Midland there would be wholesale branch closures and reductions of staff and – contrary to what your editorial said – this is not what the industry needs, nor is it what the staff needs.

There is a great myth being perpetrated that Britain is "over-banked". Such myths carry credence when they are repeated, but there is no evidence for that. In comparison with many other developed countries we are under-banked: there are more people still paid in cash and there are more monetary transactions carried out in cash than elsewhere. Staff numbers in the various British banks have been cut fairly savagely in the last year and the result is that existing staff margins and pressures have become extremely acute. At the same time the pre-tax profit figures – without allowing for the incidence of bad debts because of the economic recession – have been extremely good and this is a direct result of the efforts of the staff in branches up and down the country.

If Lloyds makes a bid for Midland, then I trust that the director-general of the Office of Fair Trading will immediately call for a reference to the Monopolies and Mergers Commission. I would hope, however, that Lloyds does not make such a bid. If it does, it will add to uncertainty and confusion – and this is the last thing that staff as well as customers need.

Leif Mills,
general secretary,
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Raynes Park,
London SW20 0LG

Daily Telegraph lent £33m to Conrad Black's company

By Maggie Urry and Raymond Snoddy

THE DAILY Telegraph, the newspaper group seeking a stock market listing this summer, lent £33m to its chairman's holding company, without gaining approval from its other shareholders. Mr Conrad Black, chairman of the Daily Telegraph, holds 83 per cent of its shares through Hollinger, his international holding company.

The loan was revealed in a letter to Daily Telegraph shareholders from Mr Black. The letter called a special meeting to approve proposals in connection with the float, which is expected to value the group at between £400m and £500m.

The letter says that the "need for approval of this loan by the shareholders of the Daily Telegraph, other than Hollinger, . . . was inadvertently overlooked". Already £18m has been repaid and the remaining £15m will be eliminated by the sale to the Daily Telegraph of Hollinger's 13 per cent stake in Trinity International Holdings, the publisher of the Liverpool Echo and Daily Post.

The Daily Telegraph will pay up to £20.2m for this stake, the balance over £15m being met through an issue of preference shares to Hollinger.

Shareholders will be asked to approve the payment of a special 10p dividend as a means of "rewarding existing shareholders ahead of the proposed flotation", which will see Hollinger's stake reduced to about 70 per cent. The dividend will be worth £11.1m to Hollinger.

Mr Black said that the prospect of economic recovery made this an appropriate moment to float the Daily Telegraph, which will change its name to The Telegraph, if shareholders approve. The float will be through a public offering in the UK, and possibly limited private placements overseas.

Mr Black said that Hollinger had no intention of selling further shares after the float, and that Hollinger and the Daily Telegraph would have a worldwide co-operation agreement.

The meeting will be held on May 18, and a pathfinder prospectus is expected in the first half of June, with listing particulars following later that month.

The document also shows that Mr Joe Cooke, the Daily Telegraph managing director, is currently negotiating a service agreement for a fixed term until August 1996. His gross annual salary is £263,000, excluding pension contributions.

The Daily Telegraph yesterday announced an increase in pre-tax profits from £7.9m to £9.5m for the first quarter of 1992. The increase is exaggerated because the comparable period included the Gulf war when advertising revenue was particularly depressed.

Mr Cooke believed that "things are easing up a bit" in the advertising market. "At least the recession is not getting any worse," he added.

The increased first quarter profits were achieved on turnover of £58.6m (£53.4m). Earnings per share rose from 4.5p to 5p.

In 1991 the Daily Telegraph made pre-tax profits of £40.5m on turnover of £219m.

Central TV beats City forecasts with £24.4m

By Raymond Snoddy

WITH THE announcement yesterday of a near 28 per cent growth in pre-tax profits at Central Independent Television, Mr Leslie Hill, the chairman, revealed he had written to Mr David Mellor, the new secretary for National Heritage, calling for a two-year extension to the moratorium on ITV takeovers.

Under broadcasting legislation takeovers will become possible at the beginning of 1994. Mr Hill believes the moratorium should be extended until the end of 1995 because only then are the television takeover rules throughout the EC likely to be fair.

Central has been campaigning against the fact that EC companies will be able to take over ITV companies, whereas in most other Community countries there are barriers to overseas takeover.

"I believe that UK companies should be allowed to grow at home, free from the threat of takeover by EC media giants, at least until broadcasting ownership rules in every country in the Community – instead of, uniquely, in Britain – provide fair competition and fair opportunities for all," Mr Hill wrote to the National Heritage secretary.

The profit for 1991 rose 27.5 per cent and was ahead of market expectations at £24.4m, compared with £19.2m. The shares moved up 40p to £13.75.

Profit before the special exchequer levy was £44.8m (£36.6m), the highest in Central's 10-year history and the best recorded by an ITV company last year.

Turnover was 2.7 per cent lower at £306.6m, with advertising revenue 1.4 per cent down to £229.7m – although the share of ITV revenue was maintained at 14.4 per cent. Operating costs were cut by nearly 29 per cent to £62.6m.

Earnings per share increased to 56.1p (44.2p). The final dividend is 23p to make a total of 30.5p (28.5p).

Mr Mark Beilby, media analyst at Warburg Securities expects pre-tax profits of £38m from the group this year with £45m in 1993.

Further signs of how costs might be cut came yesterday with the announcement that Mr Nigel Walmsley, the chief executive of Carlton Television, is to join his chairman Mr Michael Green on the Central board; Carlton has a 20 per cent stake in Central.

At the same time Mr Andy Allan, managing director of Central Broadcasting, will join the Carlton Television board.

The Bottom Line Page XI

The double-edged Wilkinson Swordsman

Richard Gourlay profiles Christopher Lewinton, TI Group chairman

MR Christopher Lewinton is something of an evangelist in the mould of Sir John Harvey-Jones, the peripatetic industrialist and troubleshooter. The chairman of TI Group, which this week launched a hostile bid for Dowty, the aerospace company, likes nothing more than to spell out his vision of a British industrial renaissance.

"I'd like to feel I had played a part in the resurrection of British industry and persuaded talented brains to be attracted to industry and not the City," says the man who will head one of the largest UK-based, but internationally focused, specialist engineering companies if the £482m bid succeeds.

"I am trying to bring engineering closer to marketing in order to turn ideas into money."

Such pithy soundbites which lace his descriptions of TI's corporate culture owe much to his business career in the US. Disillusioned by the UK which he felt did not encourage wealth creation, he had emigrated in the 1960s and made his name with Wilkinson Sword.

A jolly 60 year old, Mr Lewinton has the air of a natural salesman, suggesting he should have advertised and not developed double-edged razor blades at Wilkinson Sword.

But since returning to base in the UK in the 1970s, Mr Lewinton has brought the steely business equivalent of a mid-Atlantic twang to TI and his ideas for industrial regeneration.

It has led to a metamorphosis at TI. From dull Midlands metal basher, concentrating largely on the UK, the company has rapidly shifted to an internationally focused seals, tubes and aerospace engineer eagerly followed by a growing band of City followers.

But the genesis of this growth lies in Mr Lewinton's previous experience reshaping industries.

His first headline-grabbing move came in 1973 when he merged Wilkinson Sword and British Match, a sleepy world force in the match business that needed to find new products. The deal caused a stir, not least because the logic of mixing matches and razors confounded many spectators.

Mr Lewinton denies charges of opportunism, saying British Match had strong cash flow and a stable market position but had diversified with no regard to a coherent strategy. Forming a consumer products group therefore made sense.

A similar desire to return to strong core businesses lies behind this week's bid for Dowty, once a world name in aircraft landing gear but which latterly has gone astray with ill-judged diversifications.

A second controversial deal, in 1978, involved the merger of the renamed Wilkinson Match with Allegheny Ludlum, a US special steels company which is now in bankruptcy proceedings.

This went ahead after a stock exchange row erupted following Allegheny's plan to take a majority stake without making a bid. Two years later a full bid was forthcoming.

Ironically it was the decision of Allegheny chairman, Mr Robert Buckley, to diversify from specialised steels and into consumer goods with the acquisition of Sunbeam domestic appliances in 1981, which Mr Lewinton feels lay behind Allegheny seeking Chapter 11 protection in 1988.

Mr Lewinton is at pains to point out that he was in charge of international operations in London at the time the decision to diversify was taken and that he left in 1985, long before the company got into serious trouble.

Given his history of merging and focusing businesses, it was therefore unsurprising that Mr Lewinton turned to Tube Investment's roots. Mr Michael Garner, TI's finance director, was however surprised at the speed with which he moved. A week after joining, he asked Mr Garner what he thought about closing the profitable appliances division, prompting Mr Garner to ask "How did you get there so fast?"

Colin Beere

Christopher Lewinton: seeking to turn ideas into money

Croda was duly sold to GEC; Russell Hobbs and Tower went to Polly Peck; the headquarters was moved from a 180-strong office in Birmingham to an existing office in London; and a year later the Raleigh bicycle business was sold in perhaps the most unexpected move.

John Crane, the engineering seals business, and Bundy, the specialist US tubes business, were also bought in the first three years, laying the foundations for the modern TI.

In a grand and expensive gesture, Mr Lewinton also borrowed £100,000 to buy 60,000 TI shares, a move designed to boost sapping confidence. "It had a tremendous impact on the company," he says. "There was no sparkle; they did not have a desire to create wealth."

It is not a criticism anyone could lay at Mr Lewinton's feet. His compensation package, which grossed him a handsome £750,524 of salary and bonus in 1990, has raised more than a few eyebrows.

Mr Lewinton is unapologetic about such sums – he says in any case that he is unlikely to get a bonus either last year or this and is therefore looking at a basic salary of £485,000 in 1991 – plus the £800,000 of stock options he sold.

"If you compare top directors in the City and top directors in industry, I don't see why one should be worth very much more than the other," he says. He argues that so long as bonuses are related to performance, shareholders are getting value.

An important adjunct, he says, is that top brains are attracted away from law firms and the City, and the cause of engineering is served. Such sums are indeed likely to make a young graduate's mouth water and rejuvenate British industry.

McKechnie static at £10.5m

By Maggie Urry

MCKECHNIE, the plastic and metal components maker, said it was beginning to recover, although without help from the economy, as it reported pre-tax profits slightly higher at £10.6m, against £10.5m, in the six months to January 31.

Mr Michael Ost, chief executive, said the restructuring, including disposal of the European metal businesses, had been completed. He expected growth in operating profits in the second half despite continuing difficult trading conditions. The shares rose 8p to 346p on the news.

He said the group had increased gross margins by being tough on suppliers and resisting pricing pressure from customers. It had cut the cost base, with another 300 jobs going in the six months; and it was maximising cash flow which should be positive this year after dividends, tax and capital expenditure.

The strong financial position, with gearing 6.9 per cent after disposals, would allow bolt-on acquisitions, he said.

Sales in the six months fell from £153.6m to £139.9m, but this was almost entirely attributable to disposals.

Pre-interest profits fell 18 per cent to £10.9m. Mr Ost said that the underlying fall was 8 per cent or £1.1m, as the recessions in the UK and US offset recovery in the Pacific area. Also affecting profits was the absence of £600,000 of non-operating gains in the previous years figures, and £700,000 of profits from the disposed businesses.

The loss of these profits was more than offset by a fall in interest charges, of £2.57m to £223,000, also aided by a reduction in working capital.

A fall in the tax rate from 35.4 to 32.3 per cent helped to give a small rise in earnings per share to 9p (8.8p). The interim dividend is unchanged at 5p.

The plastics divisions suffered the worst fall in operating profits, down 28 per cent to £3.78m, with the vehicle components business hit by volatile demand. There were also development costs on new businesses in the US.

Profits from the specialist products division fell 17 per cent to £4.3m, but Mr Ost said this was the result of the absence of profits from disposed activities. Profits from the consumer division were barely changed at £2.8m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Berry Starquest ....fin	2	-	1.8	2	1.8
Central Ind TV ....fin	*23*	*Jul 1*	*21*	*30.5*	*28.5*
Clayton Son ....fin	3	May 21	9.3	3	11.8
Downiebrae ....fin	0.5	July 1	1	0.5	1
Holt (Joseph) ....fin	26	June 19	23	35	31
Jourdan (Thomas).....fin	1	July 1	1	1.5	2.5
Lamont ....fin	8.5	July 1	8.5	12	12
McKechnie ....int	5	July 15	5	-	14.75
Ramco Oil Serv§ .....fin	2	July 31	2	2	2
Reed Executive ....fin	nil	-	nil	nil	0.6
Slingsby (HC) ....fin	5.5	July 3	5.5	7.5	7.5
Usborne ....fin	0.3	July 1	1	0.4	1.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Joseph Holt shows all-round growth

Joseph Holt, the Manchester-based brewer and hotelier, lifted turnover 26 per cent and pre-tax profit 11 per cent in 1991, and is raising the dividend.

Turnover came to £22.5m (£17.8m) while the profit worked through at £6.37m (£5.72m).

Earnings per share came out at 135.99p (123.99p) and a final dividend of 26p is proposed for a total of 35p, against 31p.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	89	87	Amicable Smaller	88		N3.1	-	4.7	-
-	F.P.	-	28	27	Do Warrants	28		-	-	-	-
106	F.P.	-	120	95	Avonside Group	120		L5.8	2.1	6.4	9.7
-	F.P.	-	410	376	Bodycote Intl (RFD).......	409		8.75	3.0	2.9	15.0
-	F.P.	-	4	2	Brent Walker Wts to Sub ...	4	+½	-	-	-	-
125	F.P.	-	135	111	Brit. Data Management ...	133	-2	R4.0	2.7	4.0	11.7
-	F.P.	-	36	20	♦CRP Leisure	20	-1	-	-	-	-
-	F.P.	-	105	93	CU Environmental	105		-	-	-	-
-	F.P.	-	29	20	Do Warrants	29		-	-	-	-
†	F.P.	-	75	56	Capital Industries 1p	75		2.0	-	3.7	-
70	F.P.	-	72	63	Fleming Inc & Cap Tst Inc .	69		F4.73	-	9.1	-
100	F.P.	-	107	94	Do. Units	106		F4.73	-	5.9	-
30	F.P.	-	35	30½	Do. Zero Div. Pf.	34½	+½	-	-	-	-
120	F.P.	-	138	119	Forth Ports	138		W5.5	3.6	5.3	7.0
£10⅝	F.P.	-	£12⅛	£10⅝	Latin Am Inc & Appr 1c ...	£10⅞		-	-	-	-
-	F.P.	-	39	34½	M & G Recovery Inc	39		F3.75	-	12.8	-
-	F.P.	-	22	12½	Do. Capital	21½		-	-	-	-
-	F.P.	-	59	46½	Do. Geared Units	54		F3.75	-	8.5	-
-	F.P.	-	110	96	Do. Package Units	110		F3.75	-	4.5	-
-	F.P.	-	11	¼	Multitrust Warrants . ..	10		-	-	-	-
-	F.P.	-	4½	4	Platignum A	4		-	-	-	-
115	F.P.	-	136	121	Roseby's	135		L4.3	1.7	4.2	15.5
100	F.P.	-	102	98	Templeton Emrg. Mkts. C.	101		-	-	-	-
-	F.P.	-	160	147	Usher-Walker (RFD) ...	149		6.0	0.9	5.4	23.6
585	F.P.	-	662	621	Waste Management Intl	634	-1	-	-	-	-
-	F.P.	-	24½	22½	Welpac (RFD)	24½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	101½p	97½p	Bank of Ireland Units Non-Cum Prf A ..	101p	
-	F.P.	-	13p	8p	Brent Walker Var Rte 2nd Prf '00/07	11p	-2
-	F.P.	-	12p	7p	Do 8½pc 3rd Non-Cum Cnv Prf 2007/10 .	10p	
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994 ..	8p	
100	F.P.	-	107½	92½	Cambourne Inds 10½pc Rd. Deb. 2001	95#	
100p	F.P.	-	108p	100p	Fidelity Euro. Values Equity Ln 2001	108p	
105	F.P.	-	110	98	Greencore 9.5% Cnv Un Ln Stk 1995 ...	105	
-	F.P.	-	52½p	48½p	M & G Recovery Zero Div Prf 1p	52½p	+¼
100p	F.P.	-	105½p	97p	NatWest Bank 9pc Prf Series A	103p	
650p	P.P.	-	435p	330p	Thorn EMI Non-Int. Bearing Cv Units	435p	+9
♦	F.P.	-	75p	68p	Wembley 6p (Net) Cv Cum Prf 1999	68p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
12	Nil	28/4	½pm	½pm	Addison Consultancy	½pm	
105	Nil	29/5	29pm	8pm	European Motor	29pm	+8
98	Nil	27/5	15pm	11½pm	JLI Group	15pm	
36	Nil	6/5	24pm	4pm	Kynoch (G & G)	8pm	-2
220	Nil	26/5	91pm	47pm	Laird Group	91pm	+21
40	Nil	27/5	1¼pm	¼pm	Plantsbrook	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. O Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings April 13
- Last Dealings May 1
- Last Declarations July 23
- For settlement August 3

3-month call rate indications are shown on page 9.

Calls in Acorn Computer, Amber Day, Aran Energy, Astec (BSR), Barratt Devs., Bridon, Burton, Betterware, City of London Props., Frederick Cooper, Emess, Kella Minerals, Medeva, Owners Abroad and Wembley. Puts in Amber Day, Euro Disney and Tarmac. Puts and calls in ASDA, Burton, Medeva and Tarmac.

Hillsdown plans Canadian growth

By Bernard Simon in Toronto

Maple Leaf Foods, Hillsdown Holdings' Canadian subsidiary, is laying the groundwork for a large expansion in the North American baking industry by offering to buy out minority shareholders in Corporate Foods, Canada's biggest baking group.

Maple Leaf, which already owns 66 per cent of Corporate Foods, has proposed paying 1.15 shares for each remaining CF share. At Maple Leaf's current share price of C$17.25, the deal is worth a total of C$127m (£60m).

CF has appointed a committee of its board to study the proposal. Mr Lewis Rose, Maple Leaf's chief financial officer, said the merger would provide extra flexibility for expansion, including acquisitions or joint ventures in the US.

The buy-out of the minority shareholders will lower Hillsdown's stake in Maple Leaf from 56 per cent to 51 per cent.

However, Mr Charles Bowen, Maple Leaf's president, said Hillsdown intended to buy enough shares to restore its ownership position.

Forte to manage Balmoral Hotel

By Michael Skapinker

Forte is to take over the management of Edinburgh's recently-refurbished Balmoral Hotel from Mr Peter Tyrie's debt-ridden Balmoral International group.

Mr Tyrie, who spent £35m acquiring and refurbishing the hotel, said the Gulf war and the recession had made it impossible for Balmoral to reduce its debts of £30m.

The property, formerly the North British Hotel, has been sold to an unnamed private company, whose owners include some of Balmoral's creditors and one of its shareholders. The company has granted Forte a management contract, with an option to purchase the hotel after five years.

Mr Tyrie would not disclose the terms, but said the transaction had wiped out Balmoral's debt. Balmoral International still owns the Old Swan Hotel in Harrogate.

Balmoral bought the North British and Old Swan from Queens Moat Houses in 1990. Queens Moat had acquired the properties when it won control of Norfolk Capital, a rival hotel group, two years ago.

Loss mounts to £5.6m at Reed Executive

By Peggy Hollinger

THE CHAIRMAN and executives at Reed Executive agreed to take pay cuts of up to 42 per cent as the employment agency's losses for the nine months to December 29 deepened to £5.62m.

The pre-tax result compared with losses of £796,000 for the year to March 31 as Reed has changed its year-end.

Mr Alec Reed, chairman, said that as part of a cost-cutting programme, executive directors would restrict their emoluments to £50,000 this year. This represented a 42 per cent decline in his salary and 33 and 20 per cent for two other executive directors.

Mr Reed had some encouragement for investors, saying that the group was experiencing a rise in activity which appeared to be slightly stronger than the earlier – and unsustained – one referred to at the interim stage. "The danger might be that it is only the honeymoon after the election," he said.

Reed's exposure to the south and south-east of England meant that the recession had taken a heavy toll on volume and margins. Turnover fell to £63.9m in the nine months, compared with £119m for the previous year. Margins had declined by about 20 per cent, said Mr Reed.

The supply of permanent employees continued to be the hardest hit, with business down about 35 per cent. Temporary placements were about 25 per cent lower, Mr Reed said.

During the nine months, Reed closed 10 of its 150 branches. This resulted in an exceptional charge of £1.3m, while redundancies added a further £119,000 in above-the-line costs.

The loss per share deepened from 1.5p to 8.5p, and there is no dividend.

Dowty chief spurns TI bid

By Richard Gourlay

MR BRUCE RALPH, chief executive of Dowty, the aerospace components company facing a hostile £482m bid from TI Group, yesterday said that the real battle would be over price.

As the company marshalled its resources to repel the 4-for-15 share bid, Mr Ralph accused TI of opportunism. It had caught Dowty while vulnerable after an expensive redundancy programme – 3,500 job losses – and after restructuring to take account of defence spending cuts.

He rejected TI's claim that the companies would make a good business fit. "We can see no business fit and no commercial logic from pulling the two together," Mr Ralph said.

TI's aerospace division supplied ring seals for gas turbine engines while Dowty was already a world leader in aircraft landing gear. "They have different customers, different manufacturing techniques, different technologies."

He also dismissed TI's claim that its seals and Dowty's polymer businesses would fit. TI was involved in mechanical engineering problems while Dowty concentrated on materials technology. "The only commonality is that they both have seals in their names."

Mr Andrew Large, a non-executive director, resigned yesterday. He is due to become chairman of the Securities and Investments Board, a position Dowty says he cannot hold while part of a company involved in a bid.

Peugeot Talbot falls 54%

By Kevin Done, Motor Industry Correspondent

PRE-TAX profits at Peugeot Talbot, the UK subsidiary of the French car maker, fell 54 per cent last year to £50m, against £109m in 1990 and a record £135m in the preceding year.

The company out-performed most rival car makers in the UK, however, as Ford, Rover, Jaguar and Rolls-Royce plunged into heavy losses in the face of the steep recession in the new car market.

Mr Geoffrey Whalen, managing director, yesterday forecast a small increase in that market this year to around 1.7m units, from 1.59m in 1991, the lowest level since 1982.

"The car market is still sluggish but we believe that with the recent reduction in car tax and the uncertainty of the General Election behind us, overall sales will now pick up."

He forecast that Peugeot's UK car sales would increase by about 10 per cent this year to 127,000, and that output at its Rytonassembly plant would rise 3 per cent to 90,700.

Mr Whalen warned, however, that profits would again be under pressure, in 1992. "It will be difficult to improve on the 1991 position."

Production at Ryton fell by 24.5 per cent to 87,965 (116,505). The company was aiming to increase productivity at the plant by 10 per cent this year following a 13 per cent improvement in 1991. Productivity had improved by 30 per cent in the last three years.

Total turnover fell by 10 per cent last year to £1.44bn (£1.59bn).

Headington pensions suspended

By Norma Cohen and Andrew Jack

PENSION payments to 240 former employees of Mr Robert Maxwell's Headington Holdings due to be sent next week, were yesterday suspended by the pension fund trustees because all funds may have already been spent.

Mr Geoffrey Booth of Headington's current trustees, Clay and Partners, said that last week liquidators for the common fund manager of all the Maxwell company pension funds had determined that Headington might have already paid pensioners up to £555,000 more than the scheme's assets.

Last week Robson Rhodes, the liquidators, wrote to trustees of all the Maxwell schemes detailing their share of the so-called Common Investment Fund. Headington, which had all its funds in the CIF, may owe the fund money or may have assets of up to £1.2m. Its liabilities are £2.5m. Because of Headington's potential debts, Robson Rhodes has refused to release any more funds to pay pensioners.

Meanwhile, solicitors for another Maxwell pension fund, MCP Trustees, said its members will not receive their payments suspended in June, unless the Court ordered Robson Rhodes to free assets. It also might owe the CIF money and Robson Rhodes has said it could not release any more funds. Mirror Group Newspapers, which once employed the pensioners involved, will contribute to the pension fund until the end of June to cover payments.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

½ hour period ending	Provisional Price for Trading on 25.04.92: Pool purchase price £/MWh	Final Prices for Trading on 24.03.92: Pool purchase price £/MWh	Final Prices for Trading on 24.03.92: Pool selling price £/MWh
0030	16.87	16.83	16.93
0100	16.87	24.99	27.01
0130	16.83	24.99	26.98
0200	21.84	24.99	26.95
0230	25.40	17.63	19.37
0300	25.40	17.61	19.34
0330	23.99	16.87	16.87
0400	16.52	16.80	16.80
0430	16.90	16.78	16.78
0500	16.87	16.78	16.78
0530	16.87	16.78	16.78
0600	16.87	16.73	16.73
0630	16.87	16.76	16.78
0700	16.89	16.78	16.78
0730	17.93	16.75	16.75
0800	16.83	16.83	16.83
0830	19.80	17.17	18.91
0900	18.30	17.49	19.23
0930	22.08	21.68	23.61
1000	22.08	21.68	23.61
1030	22.08	17.49	19.23
1100	22.08	17.49	19.23
1130	19.83	17.49	19.23
1200	19.83	17.49	19.23
1230	19.80	17.49	19.23
1300	18.83	17.49	19.23
1330	18.09	17.49	19.24
1400	18.09	16.78	16.78
1430	16.90	16.75	16.75
1500	16.87	16.73	16.73
1530	16.87	16.70	16.70
1600	16.89	16.73	16.73
1630	16.91	16.68	16.68
1700	18.09	16.78	16.78
1730	18.09	16.78	16.78
1800	18.09	17.49	19.24
1830	18.09	22.63	24.58
1900	18.09	23.38	25.31
1930	18.09	23.38	25.28
2000	18.09	23.38	25.27
2030	18.09	17.49	19.22
2100	24.17	17.49	19.22
2130	24.17	17.17	18.89
2200	24.17	17.17	18.89
2230	20.40	16.78	16.78
2300	17.76	16.75	16.75
2330	17.76	16.69	16.69
2400	16.87	16.69	16.69

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Lamont seeks £16m to fund acquisition

By Peggy Hollinger

LAMONT Holdings, the Northern Ireland-based carpets and textiles group, yesterday announced a 19 per cent drop in pre-tax profits, accompanied by a £16m cash call to pay for its latest acquisition.

The one-for-four rights issue, pitched at 280p, will raise £15.9m to pay for the 100-year-old fabric printer, Alexander Drew & Sons. An initial consideration of £16.4m will be supplemented by performance-related outlay of up to £2m over the next 18 months.

The cash call, underwritten by Lazard Brothers, will enlarge Lamont's existing share capital by 25 per cent.

Lamont's shares fell 11p after the announcement to 338p.

Sir Desmond Lorimer, chairman, said the acquisition of Drew – which was the subject of a management buy-out from Coloroll in 1990 – would bring a positive contribution to earnings per share. Last year earnings fell from 28.11p to 23.21p.

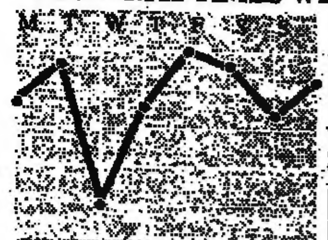
However, the purchase would also load Lamont with £7.4m in Drew's debt. This would leave the enlarged company about 30 per cent geared, with net borrowings of between £9m and £10m.

Speaking about last year's performance, Sir Desmond said recession had continued "at an ever increasing pace", although the group expected slow growth in sales and margins this year. As a result the final dividend is maintained at 8.5p, for a total of 12p.

Turnover was maintained at £109.1m, including 12 months of Bonded Fibre Fabric – purchased in 1990 – compared with just nine months the previous year.

A swing from £826,000 in interest receivable to charges of £65,000 helped depress pre-tax profits, which fell from £10m to £8.11m.

The sharpest decline came in the carpets division, which saw profits fall from £4.6m to £3.3m; sales dropped from £56m to £52m. The linens and fabrics business raised its contribution from £2.6m to £3.3m, while turnover increased from £41m to £46m. The other divisions, which include a small computing firm and an engineering subsidiary, fell by £118,000 at the trading level to £984,000.



ECONOMIC DIARY

TOMORROW: G7 meeting in Washington, with Finance Ministers and Central Bankers.

MONDAY: Central Statistical Office publishes engineering sales and orders at current and constant prices (February). Eurailspeed 92 conference at Brussels, organised by the Community of European Railways (until Wednesday). G10 Finance Ministers and Central Bankers' IMF-World Bank meeting. Japan, March retail sales.

TUESDAY: CBI publishes Industrial Trends Survey (April). Institute of Directors annual convention in London (speakers include the Prime Minister and the Governor of the Bank of England). National Westminster AGM. Agricultural ministers meet at Luxembourg to agree framework of reform of the CAP (until Wednesday). US, Presidential primary in Pennsylvania, March new home sales. Japan, March industrial production (provisional).

WEDNESDAY: Building societies monthly figures (March) and quarterly house purchase finance statistics (first quarter). 1992 estate agents conference in London. Commons Defence Committee report on European fighter aircraft. US, March personal income, March personal consumption expenditure.

THURSDAY: Publication of new vehicle registrations (March). Department of Energy publishes energy trends (February). Barclays AGM, British Gas AGM. US, March factory goods orders, March factory goods shipments, March leading indicators. Japan, March construction orders and starts.

FRIDAY: Bank of England publishes London sterling certificates of deposit (March), monetary statistics (including bank and building society balance sheets) (March), sterling commercial paper (March), money market statistics (March) and provisional analysis of bank lending for house purchase (first quarter).

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Friday April 24 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Apr 23: Index No.	Wed Apr 22: Index No.	Tue Apr 21: Index No.	Year ago (approx): Index No.	Highs and Lows Index 1992: High	1992: Low	Since Compilation: High	Since Compilation: Low
1	CAPITAL GOODS (279)	881.56	+1.3	7.02	5.28	18.56	10.84	870.45	864.89	865.69	840.49	881.56 24/4	739.74 10/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (22)	1117.99	+2.0	5.51	5.29	25.61	10.30	1095.66	1086.78	1088.65	1073.12	1117.99 24/4	872.32 10/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (28)	1020.04	+0.7	6.05	5.93	25.74	9.16	1012.59	998.32	990.65	1319.20	1020.04 24/4	827.89 10/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (8)	2707.71	+2.6	6.83	5.45	19.02	20.97	2640.38	2604.65	2576.20	2327.22	2707.71 24/4	2296.79 2/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (29)	1912.31	+1.2	9.44	4.44	13.44	3.46	1890.35	1874.44	1884.36	1800.06	1912.31 24/4	1655.93 13/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (7)	386.25	+0.3	9.08	6.72	13.96	9.52	385.00	378.84	382.46	442.76	386.25 24/4	313.50 14/2	502.42 13/6/90	313.50 14/2/92
7	Engineering-General (44)	528.25	+1.1	7.96	4.46	15.58	6.61	522.67	524.89	526.12	449.23	528.25 24/4	455.80 2/1	528.25 24/4/92	339.57 23/1/91
8	Metals and Metal Forming (8)	356.30	+0.6	1.75	9.72	–	0.32	354.08	351.66	348.74	463.65	356.30 24/4	295.34 10/1	596.67 9/10/87	49.65 6/1/75
9	Motors (14)	362.72	+1.9	7.37	6.48	17.84	6.43	356.03	350.49	346.72	343.67	362.72 24/4	277.78 10/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (19)	1770.89	+1.1	6.95	4.68	17.42	32.10	1751.71	1747.22	1751.74	1505.85	1770.89 24/4	1495.50 2/1	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (188)	1705.15	+1.2	7.06	3.33	17.35	11.64	1684.74	1685.33	1698.16	1440.78	1720.04 15/4	1565.23 8/4	1720.04 15/4/92	61.41 13/12/74
22	Brewers and Distillers (24)	2171.55	+2.6	7.44	3.35	16.18	16.70	2115.93	2087.09	2105.40	1765.53	2171.55 24/4	1938.05 8/4	2171.55 24/4/92	69.47 13/12/74
25	Food Manufacturing (17)	1287.52	+0.5	8.40	4.07	14.73	17.10	1281.72	1280.57	1287.28	1178.03	1287.52 24/4	1212.43 8/4	1287.52 24/4/92	59.67 11/12/74
26	Food Retailing (18)	2905.46	+1.0	7.92	2.97	16.35	6.04	2876.64	2857.59	2824.77	2698.26	2905.46 24/4	2293.80 10/1	2905.46 24/4/92	54.25 11/12/74
27	Health and Household (24)	4024.28	-0.4	6.87	2.64	16.60	23.22	4009.23	4119.36	4196.99	3215.62	4654.94 14/1	4009.23 23/4	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (20)	1419.19	+0.7	6.07	4.81	21.24	15.37	1408.95	1398.28	1401.50	1329.99	1419.19 24/4	1210.11 2/1	1845.77 8/9/89	54.83 9/1/75
30	Media (25)	1620.89	+1.0	5.94	3.39	21.00	13.93	1604.60	1596.66	1603.82	1449.96	1620.89 24/4	1402.70 8/1	1620.89 24/4/92	1166.91 16/1/91
31	Packaging, Paper & Printing (27)	838.16	+2.1	6.42	3.94	18.43	9.89	821.19	801.86	797.32	662.97	838.16 24/4	714.55 2/1	838.16 24/4/92	43.46 6/1/75
34	Stores (33)	1125.45	+1.8	6.53	3.22	20.34	2.45	1105.34	1096.20	1107.22	912.69	1125.45 24/4	941.79 3/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	735.97	-0.4	6.45	4.21	19.99	2.94	738.92	733.73	735.87	531.05	738.92 23/4	587.29 8/1	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (116)	1300.56	+1.0	9.30	4.99	13.55	13.44	1287.50	1284.48	1287.02	1198.93	1300.56 24/4	1140.56 3/4	1330.48 2/10/91	58.63 6/1/75
41	Business Services (17)	1412.70	+0.7	7.09	4.47	18.03	11.81	1403.31	1395.99	1407.22	1187.50	1451.74 16/1	1233.67 8/4	1451.74 16/1/92	892.28 1/2/91
42	Chemicals (22)	1591.75	+0.9	6.55	4.57	18.72	23.59	1577.17	1573.95	1560.84	1259.26	1591.75 24/4	1392.40 10/1	1591.75 24/4/92	71.20 1/12/74
43	Conglomerates (11)	1441.63	+0.9	9.76	6.98	12.54	9.10	1429.42	1420.93	1433.74	1531.20	1441.63 24/4	1249.23 13/2	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2572.94	-0.2	4.92	4.42	27.39	26.14	2577.41	2568.15	2580.63	2148.18	2580.63 21/4	2256.85 8/4	2580.63 21/4/92	90.80 29/6/62
45	Electricity (16)	1266.75	+0.8	13.87	5.14	9.40	17.21	1256.15	1276.13	1264.23	1163.29	1276.13 22/4	1044.63 7/4	1286.51 2/10/91	994.96 7/1/91
46	Telephone Networks (4)	1433.79	+1.6	10.93	4.37	11.94	16.02	1411.82	1401.46	1408.10	1437.37	1434.28 4/3	1274.20 3/4	1658.67 2/10/91	517.92 30/11/84
47	Water (10)	2747.09	+0.2	15.52	5.79	7.10	0.00	2741.35	2750.82	2756.52	2411.31	2755.52 21/4	2140.95 8/4	2755.52 21/4/92	1820.20 1/5/90
48	Miscellaneous (22)	2021.76	+1.9	5.93	4.87	22.27	20.93	1983.47	1967.84	1984.05	1849.67	2021.76 24/4	1770.94 3/1	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	1372.24	+1.2	7.76	4.21	16.13	12.27	1356.48	1354.10	1360.34	1219.88	1372.24 24/4	1231.76 3/4	1372.24 24/4/92	59.01 13/12/74
51	Oil & Gas (17)	2072.11	+0.5	7.35	6.86	17.89	41.53	2062.02	2093.86	2103.84	2439.68	2226.66 2/1	1937.42 3/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1440.02	+1.1	7.72	4.48	16.29	14.49	1424.44	1424.42	1431.00	1322.56	1440.02 24/4	1298.02 3/4	1440.02 24/4/92	63.49 13/12/74
61	FINANCIAL GROUP (87)	751.46	+1.8	–	6.03	–	15.02	738.13	725.90	730.66	807.65	751.46 24/4	637.33 3/4	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	956.69	+2.6	4.94	5.71	32.17	22.89	932.66	919.98	915.44	900.21	956.69 24/4	790.95 3/4	990.15 6/9/91	62.44 12/12/74
65	Insurance (Life) (6)	1474.35	+0.3	–	6.04	–	43.02	1469.92	1452.52	1524.07	1486.81	1528.39 16/4	1243.61 6/4	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	506.24	+1.3	–	6.87	–	9.16	499.50	481.37	497.86	666.03	533.45 6/1	419.96 8/4	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	976.56	+2.3	7.90	6.86	16.71	20.48	954.75	936.81	936.86	1128.54	1031.35 27/1	891.99 8/4	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	497.67	+1.2	–	4.17	–	4.25	491.73	491.15	486.10	423.53	497.67 24/4	405.18 7/4	547.59 12/10/87	31.21 7/1/75
69	Property (33)	710.17	+1.6	7.65	6.40	18.29	3.43	699.16	685.78	677.46	993.64	799.69 20/1	613.80 8/4	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (15)	248.78	+0.2	8.11	6.95	16.20	3.12	248.37	246.92	246.46	290.93	248.78 24/4	221.16 7/4	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1221.32	+0.1	–	3.64	–	10.96	1220.21	1211.63	1210.43	1202.52	1221.32 24/4	1112.66 8/4	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (657)	1275.75	+1.1	–	4.64	–	14.27	1261.24	1258.58	1264.49	1197.40	1275.75 24/4	1142.45 3/4	1284.07 6/9/91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 23	Apr 22	Apr 21	Apr 16	Apr 15	Year ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX§	2643.0	+33.2	2643.0	2598.9	2609.8	2607.8	2625.8	2638.6	2640.2	2471.3	2643.0 24/4	2382.7 3/4	2679.6 2/9/91	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Apr 24	Day's change %	Thu Apr 23	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	121.97	+0.02	121.95	1.69	4.28
2	5-15 years (25)	136.95	-0.13	137.12	1.39	5.45
3	Over 15 years (9)	149.23	-0.18	149.49	2.94	2.78
4	Irredeemables (6)	166.84	-0.27	167.29	4.44	1.50
5	All stocks (67)	134.92	-0.08	135.03	1.73	4.81
	Index-Linked					
6	Up to 5 years (2)	169.05	-0.01	169.07	0.28	1.83
7	Over 5 years (9)	145.86	-0.12	146.04	0.67	1.64
8	All stocks (11)	147.93	-0.10	148.08	0.61	1.65
9	Debs & Loans (62)	119.05	-0.12	119.19	2.45	3.41

	AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 24	Thu Apr 23	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	8.40	8.38	9.25	9.43 2/4	8.26 13/4
2	Coupons	15 years	9.09	9.06	9.71	9.72 1/4	8.99 15/4
3	(0%-7¾%)	20 years	9.09	9.06	9.82	9.72 1/4	8.99 15/4
4	Medium	5 years	9.36	9.34	10.31	10.28 1/4	9.27 15/4
5	Coupons	15 years	9.14	9.10	10.14	9.82 1/4	9.03 15/4
6	(8%-10¾%)	20 years	9.11	9.07	10.09	9.76 1/4	9.01 15/4
7	High	5 years	9.58	9.56	10.45	10.50 1/4	9.50 15/4
8	Coupons	15 years	9.26	9.21	10.32	9.96 1/4	9.13 15/4
9	(11%-)	20 years	9.20	9.15	10.27	9.86 1/4	9.08 15/4
10	Irredeemables	†	9.29	9.26	10.04	9.92 2/4	9.19 15/4
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.02	4.00	3.80	4.14 2/1	3.52 4/3
12	Inflation rate 5%	Over 5 yrs.	4.53	4.52	4.12	4.60 6/4	4.27 17/2
13	Inflation rate 10%	Up to 5 yrs.	3.31	3.28	2.93	3.50 2/1	2.86 4/3
14	Inflation rate 10%	Over 5 yrs.	4.34	4.33	3.93	4.42 6/4	4.07 17/2
15	Debs &	5 years	10.76	10.73	11.87	11.51 6/4	10.56 15/4
16	Loans	15 years	10.57	10.55	11.64	11.22 6/4	10.40 15/4
17		25 years	10.43	10.42	11.43	11.02 6/4	10.29 15/4

§Opening index 2610.9; 9 am 2609.0; 10 am 2604.7; 11 am 2618.6; Noon 2616.6; 1 pm 2628.0; 2 pm 2631.4; 2.30 pm 2631.2; 3 pm 2632.3; 4.10 pm 2641.7; (a) 4.29pm (b) 9.17am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323.

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*648)	600	60	75	96	11	18	23
	650	29	44	57	32	40	45
	700	11	25	35	68	75	77
ASDA (*29)	25	7	8	10	2½	3	3½
	30	4	5	7	3½	5½	6
	35	2	4	5½	7	8½	10
Brit. Airways (*271)	260	23	32	37	12	19	22
	280	12½	22	28	24	30	32
	300	6½	15	20	39	42	45
SmKl Beecham A (*826)	800	64	90	110	23	32	38
	850	35	62	82	48	55	60
Boots (*479)	460	28	44	51	12	27	20
	500	10½	23	31	34	38	40
B P (*247)	240	15½	19	22	8	12	14½
	260	7½	11	12	19	23	27
British Steel (*77)	70	11½	13	14	3	4	6½
	80	5½	7	9	8	9	12
Bass (*629)	600	47	62	72	13	18	25
	650	20	35	45	37	42	50
C & Wire (*571)	550	44	59	74	17	26	29
	600	16	33	46	46	54	55
Courtaulds (*603)	600	29	49	60	30	36	42
	650	12	25	39	62	67	70
Com Union (*460)	460	27	35	45	18	28	31
	500	11	18	28	44	52	55
Fisons (*356)	330	41	54	62	13	17	21
	360	22	38	46	26	32	36
GKN (*395)	390	24	32	45	15	23	27
	420	12	23	31	34	41	44
Grand Met. (*474)	450	40	50	–	8½	14	–
	475	23	35	–	17	25	–
I.C.I. (*1363)	1350	79	108	143	40	63	69
	1400	52	80	114	65	88	93
Kingfisher (*557)	550	30	45	60	25	34	38
	600	12	24	38	60	65	67
Ladbroke (*258)	240	31	39	41	6	11	13
	260	18	26	30	13	18	22
Land Secur (*434)	420	24	31	36	17	20	22
	460	6	14	18	45	46	47
M & S (*342)	330	25	36	41	11	13	16
	360	11	21	26	30	32	33
Sainsbury (*448)	420	38	48	57	8½	13	16
	460	15	27	34	26	30	35
Shell Trans. (*464)	460	28	36	44	11	19	20
	500	8	16	25	36	41	45
Storehouse (*133)	130	9	14	17	9	13	14
	140	6	9	12	15	18	19
Trafalgar (*154)	140	23	30	35	8½	12	17
	160	13	21	24	19	23	28
Utd. Biscuits (*429)	420	33	39	44	11	18	19
	460	9	19	24	37	39	41
Unilever (*927)	900	64	92	107	17	28	32
	950	33	60	77	40	50	55

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*344)	300	52	62	65	2	6	12
	330	27	39	45	7	13	22
	360	10	23	29	23	28	37
BAA (*604)	550	60	74	86	2½	10	14
	600	23	40	56	13	29	35
	650	4½	18	33	50	61	64
BAT Inds (*749)	700	59	76	84	5½	15	27
	750	23	44	57	20	38	48
	800	5	21	35	63	73	80
BTR (*451)	420	38	52	55	2½	6½	10
	460	9½	22	26	16	22	26
	500	2½	8½	13	51	52	53
Brit. Telecom (*343)	330	19	27	33	3½	10	13
	360	5	11	18	19	26	28
Cadbury Sch (*457)	420	45	58	68	2½	6½	12
	460	14	31	43	12	20	26
Eastern Elec (*275)	270	14	–	–	5½	–	–
	300	3	7	12½	27	35	43
Guinness (*592)	550	48	68	85	4	10	16
	600	14	36	52	20	29	35
GEC (*219)	200	22	26	27	1½	4½	6
	220	7	12	17	6	12	14
Hanson (*234)	220	19	22½	27	2	5½	8
	240	4½	11	15½	9	14	30
LASMO (*231)	220	23	33	39	8	15	23
	240	13	24	28	22	30	35
Lucas Inds (*141)	140	7	14	17	6	9	14
	160	2	5½	9	22	23	27
P & O (*493)	460	41	57	58	5	12	21
	500	15	32	39	16	26	39
Pilkington (*158)	140	19	23	29	2½	7	10
	160	7	12	17	8	17	19
Prudential (*243)	240	11	19	24	5	9	13
	260	3½	10	15	19	21	24
R.T.Z. (*599)	550	60	77	87	3	10	17
	600	19	42	56	17	27	35
Scot. & New (*460)	460	14	26	36	12	25	29
	500	4	9½	19	43	52	55
Tesco (*292)	280	15	23	27	6	12	15
	300	4	13	20	22	22	26
Thames Water (*429)	420	19	26	37	8	20	24
	460	4	10	19	35	47	50
Vodafone (*368)	360	18	29	43	7½	16	20
	390	5	15	28	25	33	36

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Abbey Nat. (*304)	300	16	24	33	8	14	16
	330	5	11	19	28	31	32
	360	1½	5	10	57	57	57
Amstrad (*34)	30	6	8	9½	3½	4	6
	35	3½	5½	7	5	7½	9
	40	2½	4	6	9	9	12
Barclays (*354)	330	35	41	47	4½	11	14
	360	13	22	30	15	25	27
	390	4	11	17	38	44	45
Blue Circle (*275)	260	16	27	32	9	15	19
	280	8	17	24	22	25	29
	300	3	9	16	37	39	42
British Gas (*275)	260	17	24	26	7	9	14
	280	6½	13	14½	19	21	25
Dixons (*258)	240	26	31	40	5	10½	13
	260	14	20	29	12	18	22
Eurotunnel (*368)	360	40	50	65	20	30	40
	390	19	40	55	38	45	52
Glaxo (*721)	700	57	82	103	24	41	52
	725	43	–	–	37	–	–
Hillsdown (*194)	180	16	21	25	6	9	12
	200	5½	10½	16	18	21	29
Lonrho (*82)	80	9	13	18	8½	12	13
	90	5½	9	13	15	17	20
Midland Bk (*375)	360	30	34	41	8½	13	15
	390	14	19	25	26	29	32
National Power (*218)	215	13	17	–	6½	11½	–
	235	4	7½	–	17	23	–
Reuters (*1147)	1100	82	115	150	30	47	60
	1150	60	87	123	55	70	80
R Royce (*167)	160	15	22	25	5½	8	11
	180	5½	11	14	16	18	23
Scottish Power (*104)	100	12	14½	16	5½	11	14½
	110	6	8½	11½	12½	20	21
Sears (*110)	110	6	10	13	7½	9½	10½
	120	3½	6	8½	14	16	17
Forte (*258)	240	21	27	32	6	8	12
	260	7½	16	20	16	19	22
Thorn EMI (*834)	819	44	52	–	13	31	–
	850	25	35	49	27	48	53
TSB (*142)	140	9½	13	16	5½	8	10
	160	2	5	8½	19	21	22
Vaal Reefs (*$50)	45	9	10	10½	2	3½	4½
	50	5	6	7½	3½	5½	6
Wellcome (*1031)	1000	80	110	137	35	47	52
	1050	50	82	110	60	70	77

EURO FT-SE INDEX (*2462)

	2275	2325	2375	2425	2475	2525	2575	2625
CALLS								
Apr	387	287	237	187	138	97	88	41
May	397	350	300	251	202	157	112	75
Jun	–	362	–	266	–	174	–	99
Sep	–	392	–	305	–	220	–	155
Dec	–	440	–	350	–	275	–	210
Mar	–	465	–	385	–	310	–	245
PUTS								
Apr	½	½	½	½	1	1½	3½	8
May	2	1½	1½	2½	7	12	17	27
Jun	–	4	–	7	–	15	–	36
Sep	–	20	–	25	–	45	–	68
Dec	–	32	–	43	–	60	–	80
Mar	–	35	–	40	–	70	–	95

FT-SE INDEX (*2462)

	2100	2150	2200	2250	2300	2350	2400	2450
CALLS								
Apr	560	510	460	410	360	310	260	210
May	575	525	475	425	376	326	277	228
Jun	582	535	487	438	390	342	291	243
Jul	593	545	496	447	398	351	304	259
Dec †	637	–	545	–	455	–	370	–
PUTS								
Apr	½	½	½	½	½	½	½	1
May	½	½	½	½	½	1	2½	4
Jun	1	1	1	2	2½	3	4½	7½
Jul	1	2	3	5	7	9	11	16
Dec †	9	–	16	–	25	–	33	–

April 24 Total Contracts 37,257
Calls 38,012 Puts 12,164
FT-SE Index Calls 23,992 Puts 4,772
Euro FT-SE Calls 630 Puts 446
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p								
Allied-Lyons	49	Charter Cons.	37	Ladbroke	22	Sears	9	**OILS**	
Amstrad	4½	Comm Union	34	Legal & Gen	32	SmKl Bchm A	60	Aviva Pet	25
Astec (BSR)	3	Courtaulds	42	Lex Service	18	TI	48	BP	20
BAT Inds	56	Eurotunnel	29	Lloyds Bank	32	TSB	11½	Burmah Castrol	44
BOC	53	FKI	6	Lonrho	12	Tesco	22	Conroy Pet	7
BTR	32	FNFC	7	Lucas Inds	12½	Thorn EMI	83	Gaelic Res	½
Barclays	28	Forte	21	Marks Spencer	27	T & N	11½	Premier Cons	2½
Blue Circle	25	GKN	30	Midland Bank	30	Unilever	70	Shell	33
Boots	37	Gen Accident	38	NatWest Bank	26	Vickers	13	Tuskar Res	½
Bowater	60	GEC	15	P & O Dfd	37	Wellcome	80	**MINES**	
Brit Aerospace	26	Glaxo	58	Racal Elect	5	**PROPERTY**		RTZ	47
British Steel	6½	Grand Met	35	RHM	18	Brit Land	19		
Brit Telecom	24	GRE	12	Rank Org	55	Land Sec.	34		
Cadburys	33	Hanson	18	Ratners	2½	MEPC	26		
		ICI	95	Reed Intl	44	Mountleigh	1½		

INTERNATIONAL COMPANIES AND FINANCE

Banks cautious over O&Y funding for Canary Wharf

By Robert Peston

OLYMPIA & York's bankers are likely to provide £15m ($26.55m) to allow work at the Canary Wharf development in east London to continue to the end of May only.

O&Y had been hoping to receive a £110m facility from a group of 11 banks, which have provided loans of about £1bn for the Canary Wharf project. This £110m would have been enough to finance Canary Wharf's costs for 90 days, during which O&Y hoped to conclude negotiations on a reorganisation of its worldwide debt of C$14.3bn (US$12bn).

However, the 11 banks – including Citicorp and Manufacturers Hanover of the US, Crédit Suisse of Switzerland, Royal Bank of Canada, Canadian Imperial Bank of Canada, Barclays and Lloyds of the UK – do not believe they have been given good enough information on the financial health of Olympia & York Developments, O&Y's parent company.

So they are only prepared to provide £15m, which they hope will be sufficient to meet Canary Wharf's needs to the end of May. However, the bankers who negotiated the deal have to receive the permission of their senior directors before the money can be disbursed.

Therefore, O&Y is unlikely to be told that it has been given the facility till after the weekend. In case O&Y runs out of cash before the £15m facility is formally approved, bankers are providing a much smaller emergency line of credit.

O&Y tried to raise C$100m (US$84.7m) to finance its operations in Canada, where it has its headquarters. But a group of Canadian banks, including Royal Bank of Canada and Canadian Imperial Bank of Commerce, refused to provide the full amount. They are allowing O&Y to draw on about C$20m.

Meanwhile, Mr Steve Miller, the investment banker who is in charge of O&Y negotiations with its banks, has returned to New York for a weekend meeting to formulate the details of O&Y's reorganisation plan.

Mr Miller has been concentrating on persuading banks to provide sufficient new facilities to allow the company to continue working.

Now O&Y, led by the founder Mr Paul Reichmann, has to provide banks with detailed proposals relating to how much of its interest payments it needs to defer and how long it wants to cease payments of principal.

Valmet acquires machine group

By Sara Webb in Stockholm

VALMET, the Finnish state-controlled paper machinery and engineering group, is to acquire 91 per cent of Tampella Papertech of Finland, one of the world's leading producers of board machinery.

Valmet plans to set up an operating group with annual sales of FM1.6bn ($352m). This would combine its existing board, tissue and specialty paper machine manufacturing companies and Tampella Papertech's board machine production plants.

Valmet is paying for its shareholding in Tampella Papertech with 3m of its own shares, worth about FM90m at current stock market prices.

In addition, Valmet has agreed to take over some of Tampella Papertech's debts, increasing the value of the deal, although the size of the loans to be acquired was not disclosed.

Tampella Papertech, which made a loss last year, has net sales of FM1.14bn and 1,800 employees.

Its main production plants are in Finland, Italy and the US.

It is a subsidiary of Tampella, the heavily-indebted Finnish forestry and engineering group which is controlled by the Bank of Finland.

The central bank was forced to take over Tampella last year following the rescue from collapse of its previous owner, Skopbank, the Finnish bank.

The central bank owns 81 per cent of Tampella through Solidium, its holding company.

Tampella will be able to reduce its level of debt – estimated to be about FM6bn in 1991 – as a result of the deal.

Following the divestment, Tampella will have four main business areas: forest products; mining and construction equipment; boilers for the pulp and paper industry; and packaging.

The Finnish state's stake in Valmet is reduced from 81.4 per cent to 73 per cent as a result of the deal.

Penser keen to reclaim his stake in Nobel

By Sara Webb in Stockholm

MR Erik Penser, the Swedish financier forced to relinquish his shareholding in the chemicals group Nobel Industries last August, looks set to stage a SKr5bn ($829m) bid for his former interests.

This follows the announcement yesterday that Mr Penser had settled his differences with Nordbanken, the Swedish bank which currently controls Nobel Industries.

Mr Penser was forced to hand over his 70 per cent stake in Nobel Industries to state-controlled Nordbanken after the collapse of Gamlestaden, a finance company controlled by Nobel.

Gamlestaden suffered large credit losses in the property sector.

From the outset Mr Penser maintained that Nordbanken was wrong to seize his shares in Nobel Industries, a company which he had built up over several years, as collateral and that he was prepared to repay his debts to the Swedish banks.

According to the agreement reached yesterday between Nordbanken and Mr Penser, the Swedish financier has regained ownership of Yggdrasil, his former holding company for a token SKr1. Yggdrasil owns shares in a handful of small developing companies.

Nordbanken also said it would welcome a bid from Mr Penser for the 70 per cent stake in Nobel Industries, which currently has a stock market capitalisation of about SKr7bn.

Mr Penser said he would "let the dust settle a bit" before announcing his immediate plans, but indicated that he was keen to buy back his Nobel Industries shares, which were valued at SKr5bn.

He added that several international institutions had indicated that they would help him to finance the acquisition. As part of the deal, Mr Penser has withdrawn his SKr3.8bn legal action against Nordbanken.

Posing for the cameras yesterday with a formal handshake, Mr Penser and Mr Bjorn Wahlstrom, the chairman of Nordbanken, claimed that they had patched up their differences over the affair.

Nordbanken has been strongly criticised for its conduct towards Nobel Industries. However, Mr Wahlstrom yesterday denied that Nordbanken's conduct was improper, saying that both parties had been keen to find a solution to the problem.

GM plans $2.3bn equity offering

By Martin Dickson in New York


Robert Stempel: rationalising North American operations

GENERAL MOTORS, the US vehicle manufacturer which has been suffering heavy losses, is to strengthen its balance sheet and bolster liquidity through a worldwide offering of common stock that could raise up to $2.3bn.

The offering was announced yesterday morning shortly before the company unveiled further management changes in its troubled North American operations.

The share issue will be an important test of investors' views of the company following a coup by non-executive directors earlier this month. This involved a boardroom shake-up designed to intensify GM's efforts to restore the North American operations to profit.

The share issue will be GM's first issue of common stock since 1955 and the largest public stock offering in US history, excluding the $2.8bn rights offering to existing shareholders made by Time Warner last year.

The current record for a straight common stock issue is held by Chemical Banking, which raised some $1.4bn earlier this year. Over the past six months corporate America in general has rushed to take advantage of a strong stock market to issue equity and reduce the heavy borrowings it took on during the 1980s.

GM, which lost $4.5bn worldwide last year, has already raised $3.358bn through three tranches of preference stock since the middle of 1991.

It had been widely expected to follow through with an issue of common stock, although the magnitude of yesterday's proposed offering took some traders by surprise.

GM's shares dipped in morning trading, to stand at $40⅝, down $1⅛, at lunchtime.

The company plans to issue 50m shares in an offer lead managed by Morgan Stanley. Some 35m of the shares are likely to be allocated to the US, with tranches of 6m in the UK, 4.5m in Asia Pacific and 4.5m in other international markets. A further 7.5m shares might be sold in the US if there is sufficient demand. GM currently has some 630m shares outstanding

The group plans to contribute 12m shares of common stock to its US pension plans this year, in addition to its required contributions, to reduce the schemes' $8.6bn underfunding.

Standard & Poor's, the credit rating agency, which downgraded GM's senior debt last month, yesterday affirmed its ratings on the company's borrowings, saying that its latest ratings had assumed GM would take significant action to bolster its liquidity and restore the equity base.

Mr Robert Stempel, GM's chairman, and Mr John Smith, who was appointed president in this month's boardroom shake-up, yesterday announced the appointment of seven senior executives to new positions aimed at rationalising the group's North American operations.

The appointments include a single head for the group's North American sales and marketing operations and a worldwide head of materials purchasing.

Court clears way for Acil bid

By Kevin Brown in Sydney

AUSTRALIA'S Federal Court yesterday cleared the way for an A$127m (US$97.6m) bid for Australian Consolidated Investments (Acil) by two companies associated with Sir Ron Brierley, the New Zealand entrepreneur.

The court validated an offer document issued by Rossington Holdings, the vehicle for the joint bid by Brierley Investments (BIL) of New Zealand and GPG, the British company acquired by Sir Ron in 1989.

The court extended until May 1 the deadline for Acil to send its response to shareholders. The previous deadline expired on Tuesday.

Rossington lifted its stake in Acil to just under 20 per cent earlier this week by buying 3.8m shares in the market at 20 cents each. However, the company denied it was the buyer of a further 8m Acil shares which changed hands yesterday.

Sir Ron launched the joint bid in February, but has faced strong opposition from Acil, which has fought the offer in the courts and advised shareholders to reject it.

In the Federal Court, Acil argued that Rossington's offer document did not adequately state how the bid would be funded. Rossington told the court that BIL would provide 90 per cent of the funding and GPG 10 per cent.

The ultimate success or failure of the Rossington bid will depend on a group of banks which controls a 19.9 per cent stake held by the Adelaide Steamship group and a 40 per cent stake formerly controlled by Mr Alan Bond.

Rossington's bid for Acil is the first joint takeover attempt by the two companies with which Sir Ron is associated since he acquired GPG. He resigned as Brierley Investments chairman in 1990, but remains a director.

Acil, formerly Bell Resources, was a vehicle for takeover activity by the late Mr Robert Holmes à Court. It was later part of the Bond Corporation Holdings group.

Hungarian drug company rises 190%

By Nicholas Denton in Budapest

CHINOIN, the Hungarian pharmaceuticals company in which Sanofi of France has a substantial minority shareholding, increased after-tax profits by 190 per cent for 1991.

Chinoin's net profits rose to Ft2.29bn ($29m) on sales of Ft14bn. The performance owes much to the success of Jumex, the drug against Parkinson's disease which was the first Hungarian compound to be approved for use in the US, and Ipriflavon, a treatment for osteoporosis. Royalties from the two helped Chinoin increase sales in western countries by 44 per cent and compensated for the collapse of the Soviet market.

Chinoin's earnings trend indicates that the profit-related purchase price for the 40 per cent stake acquired by Sanofi will move towards the top end of the $75m-$150m range agreed with the Hungarian authorities last year. Sanofi also has an option to take its shareholding to a majority from 1994.

Chinoin's figures contrast markedly with those of other western joint ventures in Hungary which have generally suffered disappointing sales and profits.

Kellogg helped by sale of unit

By Nikki Tait

KELLOGG, the US cereals group, reported after-tax profits of $196.2m in the first three months of 1992, up from $163.1m in the same period a year earlier.

Kellogg said the results included a one-off pre-tax gain of $58.5m from the sale of Fearn International, a US food service subsidiary, partially offset by a charge of $22.4m following the sale of its convenience foods operations in Canada, and some other US assets.

Without these distorting factors, first-quarter profits would have improved by 4.5 per cent. Sales were up by 6.6 per cent in the first three months, to $1.51bn. Kellogg shares rose $¾ to $57¾ in early trading.

Aetna Life & Casualty improves to $207m

By Nikki Tait in New York

AETNA Life & Casualty, the largest shareholder-owned insurer in the US, improved its profits performance in the first quarter of 1992 following reduced losses from its property-related holdings and asset sale proceeds.

The company reported a $207m profit after tax in the first three months, compared with $137m a year earlier. The improvement derived from a turnround on net realised capital gains – with Aetna chalking up a $76m profit after tax this time, compared with a $16m loss a year ago. The company said without this its results would have been lower.

Like most of the large US composites, Aetna has been faced by souring real estate investments recently, but yesterday it said that realised capital losses from additions to reserves for mortgage and property write-downs were $41m, against $52m a year ago.

Realised gains of $117m more than offset this - with $50m coming from the sale of a portion of the company's interest in MBIA, the bond insurer.

On the commercial property-casualty side, Aetna's first quarter earnings were $60m, compared with $33m a year ago, but this included net realised capital gains of $37m against $1m in the first three months of 1991.

AGF profits show little change

By Alice Rawsthorn in Paris

ASSURANCES Générales de France (AGF), the French insurance group which has run into controversy over its investment in Aachener & Münchener Beteiligungs (AMB) of Germany, reported profits of FFr2.69bn ($477m) for 1991, little changed from the FFr2.7bn of 1990.

AGF is the latest in a line of French insurance groups to announce lacklustre results for 1991. Axa, the largest private sector insurer, disclosed a 28 per cent drop in profits to FFr2.4bn on Wednesday. Union des Assurances de Paris (UAP) which is, like AGF, a state-controlled concern, reported an 11 per cent fall to FFr3.77bn on Thursday.

The French insurers have been hit by intense competition within their own domestic market and by the poor performance of some of their international operations, particularly in the UK and Italy, where AGF is present.

AGF saw revenue rise by 20 per cent from FFr46bn to FFr55.3bn in 1991. The rate of sales growth was slightly lower, at 9.7 per cent, on a comparable basis.

It made nearly 40 per cent of its sales outside France where it reported a good performance from its businesses in Spain, Switzerland and Germany.

The group saw earnings per share fall from FFr51.13 to FFr48.34 last year. The board proposed an unchanged dividend of FFr13.70 a share.

WORLD COMMODITIES PRICES

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.55-16.65	+.275
Brent Blend (dated)	$18.85-18.95	+.20
Brent Blend (Jun)	$18.80-18.90	+.175
W.T.I (1 pm est)	$20.15-25z	+.225

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$213-215	+3
Gas Oil	$174-175	+2
Heavy Fuel Oil	$72-74	
Naphtha	$180-182	
Petroleum Argus Estimates.		

Other		+ or -
Gold (per troy oz)♣	$336.55	-2.20
Silver (per troy oz)♣	400c	-2.0
Platinum (per troy oz)	$342.15	-1.35
Palladium (per troy oz)	$82.00	-0.50
Copper (US Producer)	103.66	+0.25
Lead (US Producer)	37.38c	
Tin (Kuala Lumpur market)	14.54r	
Tin (New York)	272.5	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	109.62p	-1.23*
Sheep (live weight)†♠	92.11p	+3.14*
Pigs (live weight)†	100.43p	-1.27*
London daily sugar (raw)	$255.0y	+13.4
London daily sugar (white)	$279.0y	+4.5
Tate and Lyle export price	£253.0	+7.0
Barley (English feed)	£119.25	
Maize (US No. 3 yellow)	£148.0w	
Wheat (US Dark Northern)	£120.0w	
Rubber (Jun)♥	55.00p	
Rubber (Jul)♥	55.25p	
Rubber (KL RSS No 1 May)	218.0	+1.0
Coconut oil (Philippines)§	$40.0t	
Palm Oil (Malaysian)§	$405.0z	
Copra (Philippines)§	$430.0w	
Soyabeans (US)	£150.5t	
Cotton "A" Index	58.70c	+0.60
Wooltops (64s Super)	448p	

£ a tonne unless otherwise stated. p-pence/kg c-cents/lb r-ringgit/kg. t-May/Jun y-Apr/May w-Apr z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
May	221.20	228.60	227.00 222.00
Aug	214.60	220.00	217.20 216.80
Oct	201.80	205.00	203.00 200.80
Dec	190.00		188.00
May	189.00	189.00	189.00
White	Close	Previous	High/Low
Aug	274.90	275.50	276.50 273.80
Oct	267.00	268.00	269.00 267.00
Mar	270.00		269.40 269.40

Turnover: Raw 531 (552) lots of 50 tonnes. White 423 (1472)
Paris- White (FFr per tonne): Aug 1556.07 Mar 1556.20

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Jun	18.86	18.75	18.93 18.67
Jul	18.78	18.70	18.83 18.64
Aug	18.74	18.67	18.79 18.64
Sep	18.77	18.65	18.77 18.63
Oct	18.72	18.65	18.72 18.72
Dec	18.68	18.65	18.68 18.58
IPE Index	18.73	18.82	18.73 18.73

Turnover 11,000 (18,095)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
May	172.00	170.25	172.25 170.25
Jun	172.00	169.75	172.25 170.50
Jul	172.25	171.00	172.50 171.50
Aug	174.50	173.00	174.00 173.00
Sep	176.25	175.00	175.50 174.75
Oct	178.50	177.50	178.50 176.75
Nov	179.50	178.75	179.50 178.25
Dec	180.75	179.50	180.75 179.50
Jan	179.25	178.75	

Turnover 7,502 (10,513) lots of 100 tonnes

SPICES
Market is mainly unchanged after the Easter holiday, reports Man-producten. Nutmegs – Indonesian s/a abcd US$1,750 a tonne, shrivels $1,325 and bwp $900, mace broken 2 $1,700; Grenada sound unassorted nutmegs $2,400 and defectives $1050 – all cif Europe, shipment May/June. Cassia unchanged. Seychelles cinnamon bark $1,350. Ginger – Indian cochin $1,100. Nigerian split selected grade between $600 and $800 ex-warehouse. Pimento – Jamaican spot Rotterdam $2,450, shipment $2,395 cif; Mexico new crop $1,750 Oct shipment. Cloves – Madagascar at $1,000 cif May/June shipment.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
May	581	583	585 573
Jul	608	611	612 602
Sep	634	636	637 626
Dec	670	672	672 664
Mar	703	706	706 699
May	725	729	721
Jul	748	749	748
Sep	769	771	771 770
Dec	787		800

Turnover: 6856 (8276) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 23 766.41 (757.61) 10 day average for Apr.24 767.38 (765.70)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
May	763	770	772 754
Jul	787	797	802 780
Sep	806	815	820 803
Nov	826	834	837 823
Jan	846	852	857 850
Mar	870	872	877 873
May	887		897 893

Turnover: 6142 (6973) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr.23: Comp. daily 52.52 (51.88) 15 day average 54.51 (54.69)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
May	118.0	114.5	117.5 114.9
Nov	80.0		79.0 77.5
Apr	120.0	117.9	119.5 117.5

Turnover 79 (104) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	121.50		121.50 121.00
Aug	122.50	122.50	122.60 122.00
Oct	127.50	128.50	127.50

Turnover 65 (-) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Apr	1200	1196	1200 1196
May	1238	1223	1236 1228
Jun	1153	1122	1153 1135
Jul	1118	1105	1120 1105
BFI	1185	1179	1185

Turnover 173 (179)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
May	124.10	123.35	124.10 123.35
Jun	125.85	125.10	125.85 125.10
Sep	111.85		111.85 111.80
Nov	115.00	115.10	115.00 115.00
Barley	Close	Previous	High/Low
May	117.25	115.75	117.25 116.60
Sep	107.95	107.95	108.10 107.95
Nov	111.80		111.80 111.75

Turnover: Wheat 348 (426), Barley 31 (31). Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
May	126.0	126.3	126.0 125.8
Jun	119.5	118.8	119.0
Aug	108.5	108.5	108.0
Oct	108.5	109.0	109.0
Nov	108.5	109.5	109.0

Turnover:30 (58) lots of 3,250 kg

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 38,843 lots
Cash	1307-9	1326-7	1314/1308.5	1313.5-14		
3 months	1333-5	1352-2.5	1343.5/1333	1339.5-40	1336-7	167,079 lots
Copper, Grade A (£ per tonne)						Total daily turnover 24,233 lots
Cash	1245.5-6.5	1248-9	1244.5	1244-4.5		
3 months	1275-75.5	1280-80.5	1277.5/1274	1273.5-4	1274.5-4.75	102,921 lots
Lead (£ per tonne)						Total daily turnover 1,959 lots
Cash	298-9	299.5-300		297.5-8		
3 months	311-1.5	312-2.5	312/310.25	310.25-10.50	311-2	16,725 lots
Nickel ($ per tonne)						Total daily turnover 2,800 lots
Cash	7425-35	7465-75		7430-35		
3 months	7515-20	7555-65	7540/7515	7520-25	7520-25	24,158 lots
Tin ($ per tonne)						Total daily turnover 751 lots
Cash	5875-85	5860-70		5855-60		
3 months	5880-85	5860-70	5880/5860	5860-65	5882-4	6,806 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 17,805 lots
Cash	1339-40	1334-5	1345	1344.5-5		
3 months	1304-5	1290-1	1313/1290	1304-5	1304-6	55,749 lots

LME Closing £/$ rate:
SPOT: 1.7720 3 months: 1.7451 6 months: 1.7211 9 months: 1.7009

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	336.30-336.80	
Opening	336.50-336.80	
Morning fix	338.55	188.937
Afternoon fix	336.55	189.713
Day's high	336.90-337.20	
Day's low	335.85-336.15	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.12	6 months	3.28
2 months	3.16	12 months	3.39
3 months	3.19		

Silver fix	p/fine oz	US cts equiv
Spot	224.85	399.00
3 months	230.55	403.00
6 months	236.40	407.40
12 months	247.45	417.20

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	336.50-337.50	189.75-190.25
Maple leaf	347.00-348.00	195.75-196.25
New Sovereign	82.80-83.50	46.80-47.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	117	128	3	3
1300	25	43	8	18
1400	3	6	83	81
Copper (Grade A)	Calls		Puts	
2150	65	75	3	6
2250	3	15	36	45
2350	3	3	135	130
Coffee	Jul	Sep	Jul	Sep
700	80	113	2	8
750	48	75	11	20
800	20	46	33	41
Cocoa	Jul	Sep	Jul	Sep
600	27	52	19	18
625	9	27	51	43
650	3	13	95	79
Brent Crude	Jun	Jul	Jun	Jul
1850			14	35
1900	27	40	44	
1950	10	25		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Apr	336.9	338.7	337.3	336.5
May	336.9	338.7	0	0
Jun	337.5	339.3	338.1	336.7
Aug	339.5	341.3	339.7	339.0
Oct	341.4	343.2	342.0	341.4
Dec	343.5	345.3	343.7	342.8
Feb	345.6	347.7	345.4	345.4
Apr	348.1	350.1	0	0
Jun	350.7	352.7	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Apr	345.5	345.9	345.0	338.8
Jul	343.5	343.9	344.4	341.5
Oct	347.0	347.6	347.0	345.5
Jan	347.3	347.9	348.0	345.5
Apr	348.8	349.4	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Apr	398.3	401.0	0	0
May	398.5	401.3	398.5	395.0
Jun	399.1	403.0	0	0
Jul	399.6	404.8	402.5	398.0
Sep	402.9	407.9	405.0	402.0
Dec	407.0	412.8	409.5	407.0
Jan	408.5	414.5	0	0
Mar	413.3	418.3	416.5	413.5
May	417.3	422.4	419.0	419.0
Jul	421.3	426.4	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Apr	100.15	99.90	100.45	100.00
May	100.15	100.10	100.50	100.00
Jun	100.30	100.30	100.40	100.20
Jul	100.50	100.50	100.90	100.25
Aug	100.60	100.60	0	0
Sep	100.70	100.70	101.00	100.55
Oct	100.70	100.70	101.20	101.20
Nov	100.70	100.70	0	0
Dec	100.70	100.70	100.90	100.60
Jan	100.55	100.55	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
May	9.99	10.28	10.34	9.96
Jul	9.63	9.88	9.88	9.55
Oct	9.03	9.18	9.12	8.97
Mar	8.86	8.94	8.90	8.80
May	8.83	8.88	8.85	8.83
Jul	8.85	8.91	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jun	20.24	20.11	20.27	20.02
Jul	20.29	20.16	20.32	20.07
Aug	20.26	20.16	20.30	20.11
Sep	20.24	20.14	20.25	20.11
Oct	20.20	20.11	20.21	20.11
Nov	20.15	20.08	20.19	20.08
Dec	20.12	20.05	20.15	20.03
Jan	20.05	19.99	20.10	19.99
Feb	20.01	19.94	20.00	20.00
Mar	19.94	19.89	0	0

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
May	5535	5541	5565	5495
Jun	5510	5479	5510	5440
Jul	5490	5457	5495	5430
Aug	5560	5532	5560	5510
Sep	5685	5657	5690	5635
Oct	5785	5757	5775	5750
Nov	5865	5847	5880	5850
Dec	5955	5937	5960	5920
Jan	5970	5957	5990	5957
Feb	5852	5852	0	0

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
May	903	928	920	897
Jul	950	967	967	937
Sep	992	1008	1008	979
Dec	1043	1060	1059	1033
Mar	1087	1102	1100	1085
May	1116	1133	1113	1115
Jul	1150	1167	1150	1140
Sep	1180	1197	0	0
Dec	1218	1235	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
May	64.85	65.40	65.60	64.40
Jul	66.45	67.15	67.25	66.25
Sep	68.55	69.40	69.60	68.60
Dec	71.90	72.85	72.80	71.80
Mar	75.25	76.10	76.10	75.75
May	77.90	78.75	78.25	78.25
Jul	80.00	81.25	81.00	81.00
Sep	82.80	83.95	84.00	84.00

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
May	59.82	62.20	59.88	58.30
Jul	61.02	62.72	61.10	60.05
Oct	62.48	64.00	62.60	61.70
Dec	62.90	64.60	62.95	62.02
Mar	64.05	64.70	64.05	63.50
May	64.59	64.20	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
May	136.20	138.20	138.60	136.20
Jul	131.65	133.50	134.30	131.00
Sep	124.50	126.25	126.90	124.50
Nov	117.35	119.25	117.50	117.25
Jan	117.05	119.25	118.60	117.05
Mar	117.00	118.75	118.10	117.00
May	117.05	118.75	0	0
Jul	117.05	118.75	118.00	118.00
Sep	117.05	118.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Apr.24	Apr.23	mnth ago	yr ago
1613.3	1603.5	1608.4	1748.1

DOW JONES (Base: Dec. 31 1974 = 100)				
	Apr.23	Apr.22	mnth ago	yr ago
Spot	118.52	118.96	117.51	128.34
Futures	120.01	118.87	121.49	127.71

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
May	575/0	581/4	581/4	574/0
Jul	581/0	589/2	589/0	580/0
Aug	585/2	592/2	592/4	584/0
Sep	588/6	596/6	596/4	588/4
Nov	596/0	603/0	603/4	595/4
Jan	605/2	612/4	612/0	605/0
Mar	614/0	622/4	620/0	614/0
May	620/4	628/4	628/0	620/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
May	19.60	19.79	19.78	19.57
Jul	19.90	20.11	20.10	19.86
Aug	20.06	20.28	20.25	20.04
Sep	20.22	20.40	20.35	20.18
Oct	20.38	20.57	20.51	20.35
Dec	20.70	20.90	20.86	20.66
Jan	20.80	21.01	20.85	20.80
Mar	21.10	21.30	21.15	21.10

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
May	174.3	PR.SET	HIGH	LOW
Jul	176.7	175.9	176.3	174.1
Aug	178.0	178.5	176.7	176.3
Sep	178.9	179.4	179.7	177.6
Oct	186.8	180.6	180.8	178.6
Dec	195.9	197.1	197.0	195.4
Jan	196.1	197.2	197.5	195.8
Mar	196.7	197.2	197.3	196.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
May	249/4	252/0	252/2	248/0
Jul	254/2	256/4	257/2	252/6
Sep	250/4	253/0	253/6	249/4
Dec	249/4	252/0	253/0	248/4
Mar	257/4	260/0	260/4	256/2
May	261/6	264/2	265/2	261/2
Jul	265/0	267/6	268/4	264/6
Dec	256/0	258/0	256/0	256/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
May	386/6	380/6	387/0	379/4
Jul	368/6	364/0	369/4	361/4
Sep	372/4	367/0	373/0	364/4
Dec	379/0	373/6	380/0	371/4
Mar	377/6	372/6	378/4	370/0
May	360/0	355/4	361/0	357/0
Jul	342/4	337/4	342/4	337/4
Sep	347/4	342/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Jun	73.800	73.425	73.975	73.450
Aug	69.875	69.575	70.075	69.575
Oct	69.925	69.525	70.000	69.600
Dec	69.900	69.800	70.000	69.750
Feb	69.450	69.375	69.600	69.225
Apr	70.600	70.475	70.800	70.300
Jun	68.600	0	68.600	68.550

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Jun	48.325	47.875	48.650	47.800
Jul	46.525	45.875	46.650	45.850
Aug	44.375	43.800	44.475	43.775
Oct	40.850	40.575	41.050	40.600
Dec	43.025	42.725	43.075	42.650
Feb	44.000	43.575	44.150	43.500
Apr	42.600	42.150	42.500	42.350
Jun	46.000	0	0	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
May	34.900	34.100	35.200	34.100
Jul	34.775	34.075	35.000	33.900
Aug	32.600	32.000	32.900	32.050

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark continues to gain

The D-mark once again commanded attention on foreign exchange markets yesterday, where Thursday's money supply figures from Germany continued to hold sway over traders. The German M3 statistics, which revealed that money supply had risen by 9.7 per cent in March, have convinced traders that no interest rate cut is likely in Germany in the near future.

According to Mr Neil MacKinnon, Chief economist at Yamaichi, market sentiment was dominated by those figures all through yesterday. "It is likely that the Bundesbank will resist pressure for an interest rate cut at this weekend's G7 meeting," he said. "And many are worried that they will actually increase rates."

As a result, the D-Mark ended up against both the dollar and sterling. In London, it closed at DM1.6505 against the dollar, a cent up compared to its previous close of DM1.6605.

Against sterling, the D-Mark ended at DM2.9250 after a previous close of DM2.9300.

D-Mark strength apart, the dollar had its own reasons for a weak performance on markets yesterday. Some traders said that dollar support had been partly undermined by a growing frustration with the pace of US recovery, with many traders hedging their bets until an important series of US economic indicators are published next week. In London, the pound ended at $1.7720, compared to a previous close of $1.7650.

In Yen-dollar trading, dealers seemed unwilling to take any bets on the possible outcome of this weekend's G7 summit in Washington. In London, the dollar ended almost unchanged against the Yen at Y134.55. "The market is taking the G7 with a pinch of salt," said Mr MacKinnon of Yamaichi. He recalled that prior to the Garden City G7 summit in January, there had been speculation on a deal to prop up the Yen. Nothing came of it, however, and dealers did not want to be caught out a second time.

In early New York trading, the dollar ended up slightly from a lower opening. It was at DM1.617 up from 1.6485 at the opening.

Sterling's weakness against the D-Mark came despite some encouraging indicators on the UK economy. Sluggish High Street sales before the UK election were disappointing, though Britain's current account deficit at £575m in March, was in line with expectations. The market chose to ignore these figures altogether, feeling that German economic issues were all-important. Sterling could not withstand a surge in the Franc, which resumed its place third from bottom in the EMS grid after France announced a FFr 1.4bn trade surplus for March, far higher than forecast. Sterling ended at Ffr 9.8825 compared to a previous close of Ffr 9.8925.

£ IN NEW YORK

Apr 24	Latest	Previous Close
£ Spot	1.7715-1.7725	1.7675-1.7685
1 month	0.95-0.94pm	0.97-0.95pm
3 months	2.73-2.71pm	2.78-2.75pm
12 months	9.75-9.65pm	9.02-8.92pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr 24	Previous
8.30 am	92.2	92.2
9.00 am	92.2	92.2
10.00 am	92.3	92.2
11.00 am	92.3	92.2
Noon	92.1	92.2
1.00 pm	92.3	92.2
2.00 pm	92.4	92.2
3.00 pm	92.3	92.2
4.00 pm	92.3	92.2

CURRENCY MOVEMENTS

Apr 24	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.3	-19.4
U.S Dollar	64.9	-13.2
Canadian Dollar	101.4	-0.9
Austrian Schilling	110.1	+12.3
Belgian Franc	111.4	-2.0
Danish Krone	108.9	+2.9
D-Mark	118.5	+24.8
Swiss Franc	109.6	+11.3
Dutch Guilder	114.3	+15.9
French Franc	103.9	-12.4
Lira	98.5	-20.1
Yen	137.1	+70.4
Peseta	107.6	-18.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.23

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7720	1.7624	1.7439	1.7190	1.6813
D-mark	2.9250	2.9235	2.9213	2.9181	2.9130
French Fr	9.8825	9.8790	9.8740	9.8700	9.8619
Swiss Fr	2.7150	2.7115	2.7040	2.6941	2.6712
Yen	238.30	237.37	235.09	231.82	226.04

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 24	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.914	-3.53	4.94	61
Portuguese Escudo	178.735	174.164	[illegible]	3.89	42
Belgian Franc	42.4032	42.2088	-0.46	1.70	25
Dutch Guilder	2.31643	2.30900	-0.32	1.56	19
D-Mark	2.05586	2.05117	-0.23	[illegible]	18
Irish Punt	0.767417	0.768656	0.16	1.07	-5
Italian Lira	1538.24	1544.78	0.43	0.80	-18
French Franc	6.89509	6.93023	0.51	0.72	-25
Sterling	0.696904	0.700927	0.58	0.65	-13
Danish Krone	7.84195	[illegible]	1.23	0.00	-54

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7660 - 1.7780	1.7715 - 1.7725	0.97-0.95cpm	6.50	2.82-2.79pm	6.33
Canada	2.0515 - 2.1036	2.0515 - 2.0525	0.75-0.68cpm	4.18	2.06-1.94pm	3.90
Netherlands	3.2870 - 3.2975	3.2875 - 3.2975	½-¼cpm	0.91	½-¼pm	0.76
Belgium	60.05 - 60.36	60.25 - 60.35	7-2cpm	0.90	15-10pm	0.83
Denmark	11.3030 - 11.3375	11.3275 - 11.3375	¼-oreorepm	0.40	1¼-¾pm	0.29
Ireland	1.0940 - 1.0975	1.0965 - 1.0975	0.04-parcpm	0.22	0.08-0.01pm	0.16
Germany	2.9210 - 2.9275	2.9225 - 2.9275	¼-¼pfpm	0.77	1½-¾pm	1.28
Portugal	247.40 - 248.85	247.40 - 248.40	50-87cdis	-3.32	101-140dis	-2.01
Spain	183.40 - 184.05	183.65 - 183.95	19-37cdis	-1.83	49-68dis	-1.27
Italy	2198.10 - 2204.95	2200.25 - 2201.25	2-3liredis	-1.36	8-10dis	-1.64
Norway	11.4235 - 11.4525	11.4425 - 11.4525	¼-parorepm	0.26	¾-parpm	0.13
France	9.8665 - 9.8950	9.8775 - 9.8875	½-¼cpm	0.61	1-½pm	0.50
Sweden	10.5510 - 10.5825	10.5725 - 10.5825	1-1½oredis	-1.42	3-3½dis	-1.21
Japan	237.55 - 239.00	238.00 - 239.00	1¼-1ypm	5.66	3½-3¼pm	5.77
Austria	20.54 - 20.61	20.58 - 20.61	2½-1¼gropm	1.06	6½-3½pm	0.95
Switzerland	2.7050 - 2.7200	2.7100 - 2.7200	½-¼cpm	1.66	1¼-1pm	1.57
Ecu	1.4250 - 1.4290	1.4265 - 1.4275	0.09-0.03cpm	0.50	0.12-0.06pm	0.25

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.32-5.27pm. 12 Month 9.12-9.02pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7660 - 1.7780	1.7715 - 1.7725	0.97-0.95cpm	6.50	2.82-2.79pm	6.33
Ireland†	1.6105 - 1.6180	1.6165 - 1.6175	0.86-0.83cpm	6.27	2.53-2.46pm	6.17
Canada	1.1840 - 1.1870	1.1845 - 1.1855	0.23-0.25cdis	-2.43	0.74-0.78dis	-2.57
Netherlands	1.8520 - 1.8675	1.8575 - 1.8585	0.88-0.91cdis	-5.78	2.60-2.64dis	-5.64
Belgium	33.85 - 34.10	34.00 - 34.10	14.50-15.50cdis	-5.29	45.00-48.00dis	-5.46
Denmark	6.3675 - 6.4100	6.3925 - 6.3975	3.20-3.30oredis	-6.29	9.40-10.00dis	-6.07
Germany	1.6500 - 1.6565	1.6500 - 1.6510	0.83-0.84pfdis	-6.07	2.39-2.41dis	-5.82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE · LONDON (LIFFE) · CHICAGO · PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
104	-	-	-	-	0.11	-
105	-	-	-	0.02	0.20	-
106	-	-	-	0.08	0.38	-
107	0.66	-	-	0.26	0.71	-
108	0.19	0.85	-	0.76	1.13	-
109	0.04	0.50	-	1.58	-	-
Open int	125,555	42,047	8,690	93,942	23,099	9,573

Estimated volume 81,292 Total Open Interest 306,908

BANK RETURN

BANKING DEPARTMENT	Wednesday April 22 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	103,009,508	-	839,306
Bankers Deposits	1,580,704,214	-	144,258,605
Reserve and other Accounts	3,725,136,811	-	99,968,724
	5,423,402,533	-	245,066,635
ASSETS			
Government Securities	1,523,146,175	-	182,775,000
Advance and other Accounts	2,464,602,805	+	48,648,008
Premises Equipment & other Secs	1,428,151,397	-	107,070,361
Notes	7,294,366	-	3,886,962
Coin	207,790	+	17,580
	5,423,402,533	-	245,066,635
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,342,705,634	+	43,886,962
Notes in Banking Department	7,294,366	-	3,886,962
	16,350,000,000	+	40,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	10,865,434,266	+	1,067,164,312
Other Securities	5,473,550,634	-	1,027,164,312
	16,350,000,000	+	40,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Lawrie	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Equatorial Bank plc	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Financial & Gen. Bank	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	First National Bank Plc	14	Provincial Bank PLC	14
Bank of Cyprus	10.5	● Robert Fleming & Co	10.5	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	Robert Fraser & Ptnrs	11	Royal Bk of Scotland	10.5
Bank of India	10.5	Girobank	10.5	● Smith & Williamson Secs	10.5
Bank of Scotland	10.5	● Guinness Mahon	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Hambros Bank	10.5	TSB	10.5
Barclays Bank	10.5	Hampshire Trust Plc	13.5	Unibank plc	10.5
Benchmark Bank	11	Heritable & Gen Inv Bnk	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	● Hill Samuel	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	C. Hoare & Co	10.5	Western Trust	10.5
CL Bank Nederland	10.5	Hongkong & Shanghai	10.5	Westpac Bank Corp	10.5
Citibank NA	10.5	Julian Hodge Bank	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Lloyds Bank	10.5		
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

UK rates firmer

There was little change in rates on the money markets yesterday, where most traders still held firmly to the belief that an interest rate cut is a far-off prospect. Thursday's increased money supply figures in Germany again hung over the markets, with one analyst suggesting that an economic turn-around in Germany is now unlikely to come before the end of the third quarter.

In the interbank market, 3-month money, a key indicator of future base rate movements, remained unchanged on the previous night's close at 10 5/16-1/4. However, one trader said that it had ended high on the week, considering that it had been trading at around 10¼-⅜ in recent days.

One year money ended a touch firmer on the previous day's close. It finished at 10⅜-¼, having closed on Thursday night at 10 5/16-3/16. In the futures market, the June sterling contract again ended at 89.63, indicating an implied interest rate of 10.37%.

In the discount market, it was, in the words of one trader, "another expensive day for money." The Bank of England started the day by posting a shortage of around £1.15bn. In early operations, the Bank purchased bills totalling £153m. These were made up of £5m of sterling Band-1 bank bills at 10⅜ per cent, £5m of Band-2 bank bills at 10⅜ per cent, £34m of Band-3 bills at 10 5/16 per cent, £2m of Band-4 Late Assistance bills at 10¼ per cent and £107m of Band-4 bank bills at 10 5/16 per cent.

In further operations the bank purchased £95m of Band-3 bills at 10 5/16 per cent and £48m of Band-4 bank bills at 10 5/16 per cent.

In the afternoon, the Bank revised its estimate of the shortage to around £1.1bn. The Bank purchased a further £468m of bank bills at 10⅜%, taking £348m in band one and £120m in Band-2. It then provided late assistance of £310m.

German call money held steady at about 9.65% despite the sharp jump in German M3 money supply in March. On Thursday, the Bundesbank said that March M3 had risen by a much higher than expected 9.7 per cent annualised rate after an 8.6 per cent rise in February. However, dealers said that the surprise increase did not change the likelihood that call money would stay up near the 9.75 per cent Lombard rate for the foreseeable future.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2137

Exchequer 10½% Stk 2005 - £110⅝
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £120⅜ ⅝

Corporation and County Stocks
No. of bargains included 1

Manchester(City of) 11.5% Red Stk 2007 - £109½
Manchester Corp 4% Cons Irrd Stk - £34 (21Ap92)
Swansea Corp Stk(3½%) - £30 (16Ap92)

UK Public Boards
No. of bargains included 4

Agricultural Mortgage Corp PLC 7¾% Deb Stk 91/93 - £95 ½ (22Ap92)
10¾% Deb Stk 92/95 - £98 9¼
Port of London Authority 3% Port of London A Stk 29/99 - £68½ (16Ap92)

Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 56

Abbey National PLC 8⅝% Bds 1993 - $102¼ (21Ap92)
11⅝% Nts 1995 (Br£1000,10000&100000) - £100 ½ (16Ap92)
Abbey National Sterling Capital PLC 10⅝% Subord Gtd Bds 2002 (Br £ Var) - £101⅛ ⅞
African Development Bank 11¼% Bds 2001 - £106½♦ ¾♦
Allied-Lyons PLC 10⅝% Bds 1999(Br£5000&100000) - £101 ⅝ (22Ap92)
Argyll Group PLC 4½% Cnv Bds 2002 - £123 (22Ap92)

ECU1000,10000&100000) - £102.65 102.95
United Newspapers Capital Ld 8% Gtd Exch Prf Shs - £132
Woolwich Building Society 11% Nts 1995 - £102⅝ ⅞ (16Ap92)
11⅝% Subord Nts 2001 - £104⅝ ⅝ (22Ap92)

Sterling Issues by Overseas Borrowers
No. of bargains included 31

American Brands Inc 12½% Uns Ln Stk 2009 - £110¾ 1
Asian Development Bank 10¼% Ln Stk 2009(Reg) - £106⅝ (22Ap92)
Bank of Greece 10⅛% Ln Stk 2010(Reg) - £96⅝ (22Ap92)
Caisse Centrale De Cooperation Econ 12¼% Gtd Ln Stk 2013(Reg) - £124⅝ ⅞
Credit Foncier De France 10¼% Gtd Ser Ln Stk 2011,12,13,14(Reg) - £106½ ⅝
Denmark(Kingdom of) 13% Ln Stk 2005 - £132 (16Ap92)
Electricite de France 12½% Gtd Ln Stk 2008(Reg) - £123¾ (21Ap92)
11¾% Gtd Ser Ln Stk 2009/12(Reg) - £118¾ (21Ap92)
European Investment Bank 9% Ln Stk 2001 (Reg) - £97⅛ ¼ ⅝ (22Ap92)
9½% Ln Stk 2009 - £100⅝
10¾% Ln Stk 2004(Reg) - £105⅞ 6⅜
11% Ln Stk 2002(Reg) - £109⅜
Finland(Republic of) 11½% Ln Stk 2009 (Reg) - £113⅝♦ ¾♦
Inter-American Development Bank 9½% Ln Stk 2015 - £101⅝ ¾ ⅞ ⅞
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £100⅝ ¾ (22Ap92)
11.5% Ln Stk 2003 - £113⅝ ½ ⅝ ¾
Malaysia 10¼% Ln Stk 2009(Reg) - £100½ (21Ap92)
New Zealand 7¾% Stk 88/92 - £99⅝ (22Ap92)

Listed Companies(excluding Investment Trusts)

[illegible]

Miscellaneous Warrants

[illegible]

USM Appendix

[illegible]

Investment Trusts

[illegible]

Rule 535(2)

Arsenal Football Club PLC Ord £1 - £300 (21Ap92)
Aston Villa Football Club PLC Ord £5(1 vote) - £40 (22Ap92)
Biocure Holdings PLC Ord 1p - 65
Bowness Leisure PLC Ord £1 - £0.95 (16Ap92)
Dawson Hldgs PLC Ord 10p - £2.67 2.7 2⅜ (15Ap92)
Greenstar Hotels PLC Ord 10p - £0.42 (16Ap92)
Guernsey Gas Light Co Ld Ord 10p - £0.49
Jacks(William) PLC 3.5% Cum Prf £1 - 80⅜ (21Ap92)
Jennings Bros Ld Ord 25p - £2 (21Ap92)
Jersey Gas Co Ld Ord £1 - £2.2 2⅜ (15Ap92)
Kleinwort Benson(Int) Fund Man Int Inc Units Bond Fd - £5.492 (15Ap92)
Int Acc Units Bond Fd - £10.515 (16Ap92)
KB Gilt Fund - £13⅜ (22Ap92)
Int Equity Gwth Inc - £2.098
Le Riche's Stores Ld Ord £1 - £2.59125
Leeds Fireclay Co Ld 4% 1st Mtg Debs(Reg) - £36 (16Ap92)
Littlewoods Organisation Ld 12% "B" Cum Prf £1 - £1.22 1.24
M&G(Guernsey)Island Gold Fund Inc Units - £15.165 (16Ap92)
MIM Britannia International Ld Japan Income & Growth - £1.184 (16Ap92)
Merrett Hldgs PLC Ord 10p - £0.43 0.48 (22Ap92)
National Parking Corp Ld Ord 10p - £3.8 3.65 (21Ap92)
Newbury Racecourse PLC Ord £100 - £2100 2300 (22Ap92)
Pan Andean Resources PLC Ord 1p - £0.055
Perpetual(Jersey) Offshore Emerging Co's - [illegible]
Rangers Football Club PLC Ord 10p - £0.8
Select Industries PLC Ord 2½p - £0.07 0.075 0.08
Severn Valley Railway(Hldgs)PLC Ord £1 - £0.8 (22Ap92)
Shepherd Neame Ld "A" Ord £1 - £4.4 4.45 (22Ap92)
Snowdon Mountain Railway PLC Ord 10p - [illegible]
Southern Newspapers PLC Ord £1 - £2.15
Sutton Harbour Hldgs Ld Ord 25p - £3.7 (22Ap92)
Transatlantic Hldgs PLC Ord 50p - £3.15 (16Ap92)
Cnv Cum Prf 50p - £3⅜ 3.68 3.78 (16Ap92)
Vardon PLC Ord 25p - £0.46 0.48‡
Wadworth & Co 9¾% Cum Prf £1 - £0⅜ (16Ap92)
Wamoughs(Hldgs)PLC 8% Cum 1st Prf £1 - £0.21 (21Ap92)
Weetabix Ld "A" Non.V Ord 25p - £10.65 (21Ap92)
Yates Bros Wine Lodges PLC Ord 25p - £3.95

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv 78♦ (22/4)
Beach Petroleum A$0.045 (21/4)
Cape Range Oil A$0.36 (21/4)
City Developments S$3.88
Community Psychiatric Centers £7♦ (22/4)
Dainippon Screen Manufacturing Y890 (22/4)
Kulim Malaysia Ord 23
Malayan Cement 94♦ (21/4)
McCarthy Group 71.25
Oil Search 32
Regal Hotels (Hldgs) 5 (21/4)
Singapore Land S$5 (16/4)
Wong Industrial Hldgs HK$2.094 (16/4)

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FINANCIAL TIMES
Published in
LONDON ● PARIS ● FRANKFURT ● NEW YORK ● TOKYO
Head Office: The Financial Times Ltd, Number One, Southwark Bridge, London SE1 9HL. Telex: (Editorial) 922186. Telex: (Advertising) 885033. Telephone: 071-873 3000. Fax: (Advertising) 071-873 3062.

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LONDON STOCK EXCHANGE

Long account finishes on strong note

By Peter John

A THREE-WEEK trading account that might easily have been expected to end with a whimper closed with a burst of support for London equities yesterday.

After initial weakness, the FT-SE 100 Index surged ahead in afternoon trading to end the day 33.2 points up, the high of the day, at 2,643. This left the index 265 points better, since the account opened on April 6 – a gain of more than 11 per cent.

Trading began with the sort of world weariness often associated with long accounts. The market was still held back by weakness in the pharmaceuticals stocks and there was an expectation that a $2bn-plus share offer from General Motors in the US would lead to a weak start on Wall Street.

Account Dealing Dates		
*First Dealings:		
Apr 6	Apr 27	May 11
Option Declarations:		
Apr 23	May 7	May 21
Last Dealings:		
Apr 24	May 8	May 22
Account Day:		
May 5	May 18	Jun 8

*New-time dealings may take place from 8.30 am two business days earlier.

In London, the Footsie tailed off from a shaky opening and was almost 11 points off after the first 45 minutes as dealers locked in profits on selected stocks. However, the Footsie was pulled up by derivatives markets. Strong buying of FT-SE options led to a squeeze in futures which traded at a strong premium to the cash market and pulled it back up.

Also, talk that oil exploration company Lasmo might attract a bidder bolstered enthusiasm. Then, the GM share issue failed to dent Wall Street and somewhat disappointing trade and retail figures were discounted. Dealers who had been preparing to straighten their books ahead of the weekend decided that there was still room to manoeuvre upwards and bought heavily, particularly in quality stocks targeted for cyclical recovery.

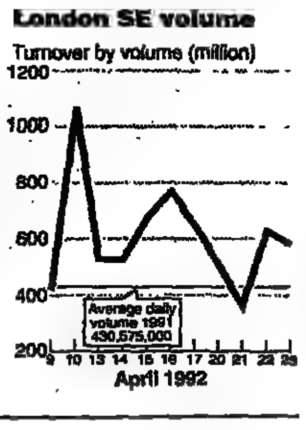
Overseas clients were still happy to pour money into a market which they continue to see as cheap. Mr Robert Rowland of institutional fund manager Lazard Investors said: "Although the price/earnings multiples of some sectors have expanded to levels that don't look sustainable in the long term in the UK, they continue to look attractive from an international perspective."

Despite the recent rush of buyers, there is apparently still a great deal of money looking for a home and one senior marketmaker said buy orders outranked sell orders by 20 to one. Even the hard-hit pharmaceuticals stocks saw some interest later, although the sector has underperformed the Footsie strongly since the election and, along with oil shares, appears to be on a downward slope.

By the close 628.9m shares had been traded. This was up on the previous day's 612.0m, which translated into customer business of £1.42bn.

● Retail business in equities maintained the high levels seen throughout the election account as money continued to pour in from overseas.

London SE volume



FINANCIAL TIMES STOCK INDICES

	Apr 24	Apr 23	Apr 22	Apr 21	Apr 16	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.31	88.45	88.49	88.49	88.65	84.82	88.82 (15/4)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	102.24	102.21	102.31	102.40	102.80	94.16	102.80 (16/4)	97.15 (2/1)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	2072.5	2042.7	2034.8	2047.5	2059.2	1838.3	2072.5 (24/4)	1851.4 (3/4)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	106.2	111.0	111.9	112.5	111.9	143.6	160.6 (10/1)	109.2 (24/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2643.0	2609.8	2607.8	2625.8	2638.6	2471.3	2643.0 (24/4)	2382.7 (3/4)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1213.35	1212.01	1213.46	1208.47	1213.52	1150.58	1213.52 (16/4)	1120.52 (8/1)	1213.52 (16/4/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.41	4.47	4.46	4.45	4.43	4.97				
●Earning Yld %(full)	6.32	6.41	6.40	6.39	6.35	8.92				
●P/E Ratio(Net)(☆)	19.88	19.63	19.67	19.72	19.85	13.79				
SEAQ Bargns 5.00pm	40,078	37,254	35,229	34,636	45,598	38,005				
Equity Turnover(£m)†	-	1422.3	1571.0	867.9	1771.8	784.64				
Equity Bargains†	-	45,023	46,374	30,359	51,819	26,515				
Shares Traded (ml)†	-	579.9	613.3	361.3	770.3	451.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.54

Ordinary Share Index, Hourly changes Day's High 2072.6 Day's Low 2037.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2043.9	2044.3	2040.4	2053.6	2052.6	2059.5	2062.7	2065.0	2066.2

FT-SE 100, Hourly changes Day's High 2643.0 Day's Low 2598.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2610.9	2609.0	2604.7	2618.6	2616.6	2628.0	2631.4	2632.3	2636.4

FT-SE Eurotrack 200, Hourly changes Day's High 1222.03 Day's Low 1208.50

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1209.14	1209.27	1210.79	1211.42	1213.27	1213.69	1213.35

GILT EDGED ACTIVITY

Indices*	Apr 23	Apr 22
Gilt Edged Bargains	101.7	99.5
5 – Day average	111.7	119.0

*SE Activity 1974
†Excluding intra-market business and Overseas turnover.

London report and latest Share index. Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Lasmo strong on bid talk

OIL EXPLORATION group Lasmo was the strongest performer in the FT-SE 100 index yesterday, the shares surging 26 to 233p – a rise of more than 12.5 per cent. Rumours of a possible bid by Total of France and also disposals prompted particularly heavy turnover of 7.3m in the underlying market. It also saw busy trading in options with 2,887 contracts traded – equivalent to just under 3m shares.

Analysts tended to be sceptical about a full scale bid, but suggested that Total might be interested in Lasmo's Californian refining operation, inherited when it took over Ultramar last year.

Lasmo has around £1bn in debts and is known to be keen to reduce its gearing. Mr Keith Morris at Carr Kitcat & Aitken said that between £200m and £300m may be raised by disposing of the Californian refining division and that this would be regarded as a key to getting Lasmo's gearing back down.

MEPC in demand

Talk that Hongkong Land is eyeing MEPC, the UK's second biggest property group, pushed the shares 12 higher at 351p. The rally in the property sector, which started after the Easter holiday, was thought to be a delayed reaction to the election result and perceived improvement in consumer confidence over the vacation period.

However, the return of the Hongkong Land rumour – an old favourite which reached its height a year ago, this time with Hammerson in the frame – has helped to fuel the revival.

Hongkong Land is known to be looking for a UK vehicle to extend its property interests and lessen its reliance on the colony for its asset base. Land Securities, ahead 10 at 434p and British Land, up 8 at 213p, rose in sympathy.

Eurotunnel falls

Eurotunnel bucked the market trend, the shares tumbling 18 to 368p, making it the day's biggest fall in percentage terms.

The company did not make a cash call as some had feared but the market was dissappointed by a 9.5 per cent increase in costs to £8.1bn.

Sentiment was also hurt by news that the company is prepared to offer up to 12 per cent of its equity to TML, the channel tunnel constructor, as a part of a settlement in the current dispute between the two parties, though only after shareholder approval. Turnover reached 2.5m with the usual support from French investors said to have been absent.

Brisk turnover in Cable & Wireless helped push the shares 15 higher at 574p as fresh talk appeared that the telecoms group might be about to sell part of its stake in Hongkong Telecom. Most in the market discounted the old rumour, which this time had Cables selling an 8.3 per cent portion (taking its share down to 50.1 per cent) to US Sprint, the US telecoms operator, raising HK$580m.

Another version had the Chinese state telecoms group Citic as the proposed purchaser. A more likely reason for the strength was improved market sentiment towards the stock, underpinned yesterday by a buy note from securities house Hoare Govett.

BP lost 2¼ to 247 and Shell slipped 3 to 464p, following disappointing first quarter results from the US oil majors, including Exxon on Thursday. BP's first quarter figures are due on May 7.

Banks were actively traded as the market waited to see whether Lloyds would top the offer for Midland from Hongkong and Shanghai Bank. Midland rose 8 to 375p with 13m shares traded while Lloyds gained 13 to 429p as it appeared that Bank of Scotland, 2 up at 118p, was not about to smooth Lloyds path.

The Scottish bank denied that it had held talks on buying up to 500 bank branches if Lloyds decided that this would help prevent the Monopolies and Mergers Commission from blocking a bid for Midland.

A report that Sir John Quinton might step down as chairman of Barclays boosted the shares 19 to 352p, although market observers were somewhat doubtful that this will be announced at the AGM next Thursday. Some were also less than sure that the market would be enthusiastic about any likely replacement for Sir John, but said the shares had the biggest yield among the clearing banks and were due for a recovery.

Talk that Smiths Industries could emerge as a white knight for Dowty Group, fighting off a hostile bid from TI Group, was again doing the rounds. However, UBS Phillips & Drew sent out a note to clients yesterday arguing that the bid was a "full and fair offer unlikely to prompt a counter bid." Smiths followed the market up to end 2 firmer at 310p after an initial decline. Dowty had a quieter session and closed unchanged at 177p. TI was steady at 569p.

Siebe continued to benefit from switching out of TI and the shares added 11 to 697p having briefly touched 700p for the first time. Bid speculation in the wake of Dowty continued to lift APV. The shares added another 7 to 126p. Takeover speculation continued to surround Tarmac – with Minorco again the favoured predator. In a buoyant building materials sector, Tarmac jumped 9 to 157p on heavy turnover of 7m shares. Other stocks on the move included Blue Circle, also perceived to be a bid candidate, which climbed 9 to 275p, RMC Group, ahead 8 at 666p and Redland, 6 stronger at 559p. Marshalls, basking in the speedy take-up by institutions of Ibstock Johnsen's 4.2 per cent stake, rose 8 to 98p.

The hangover from Wall Street's shunning of drugs stocks again affected Glaxo Holdings, the shares shedding 7 to 721p, and Medeva, off 9 at 229p. However, SmithKline Beecham strengthened on reflection of its results, the shares jumping 27 to 827p.

Expectation that Union Carbide's upcoming presentations in the UK will contain good news and reflect well on the gases section of BOC prompted the latter to firm 14 to 705p.

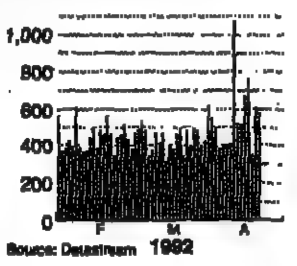
Interest in the leisure sector again focused on hotel stocks, with both Queens Moat Houses and Forte in demand. Queens Moat has been heavily tipped as a good recovery stock. The shares rose 3 to 87p on turnover of 7.5m. Forte gained 4 to 259p in brisk volume of 2.2m.

MARKET REPORTERS:
Joel Kibazo,
Colin Millham,
Christopher Price.

■ Other market statistics, Page 9.

FT-A All-Share Index

Equity Shares Traded



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (204).
BRITISH FUNDS (1) Tr. 3pc 1992, AMERICANS (4) Chase Manhattan, Chrysler, Ford Motor, Tenneco, BANKS (4) Midland, NatWest., Royal Bk. of Scot., TSB, BREWERS & DISTILLERS (3) Bass, Invergordon, Macallan, BUILDING MATERIALS (14) BPB, Heywood Wilms., Kalon, Lafarge, Marley, Marshalls, Do. 6½pc Cv., Pilkington, Raskel, Rugby, St. Gobain, Sharpe & Fisher, Tarmac, Wolseley, BUSINESS SERVICES (3) Capita, Coomac, Gardner, Reed Exec., Sherwood Comp., CHEMICALS (8) BOC, Br. Vita, Caird Pf. 2008, Courtaulds, Hickson, Laporte, Leigh, Yorkshire, CONGLOMERATES (4) Goode Durrant, Trafalgar Hse., Do. A, Wassall, CONTRACTING & CONSTRUCTION (15) Bell, Berkeley, Bre, Hewden-Stuart, Persimmon, Raine, Rubicon, Tay Homes, Tilbury Dgls., Wilson Bowden, ELECTRICALS (8) ASEA B, BICC, Delta, Jones Stroud, Vosa, ELECTRICITY (1) Scot. Hydro, ELECTRONICS (16) Acorn Chem., Bowthorpe, Cray, Electrocomps., Eurotherm, Forward Tech., Hoskyns, ISA, Learmonth, Logica, ENG. AEROSPACE (3) Hunting, Ipeco, ENG. GENERAL (13) APV, Brammer, Concentric, Hall, Hampson, Kvaerner B, Ransomes 8¼p Pf., Rotork, Senior, Siebe, Wagon, Weir, Wheeso, FOOD MANUFCTG. (4) Clarke, Kakuzi, Nichols, Unigate, FOOD RETAILING (5) Argyll, Iceland, Morrison, Do. 5¼pc Pf., Sainsbury, HEALTH & HOUSEHOLD (4) Comm. Hospitals, Kitty Little, Scholl, Takare, HOTELS & LEIS. (7) Airbreak, Airtours, City Centre Rests., Forte, Ladbroke, Queens Moat, Do. 7¼pc Pf., INSCE. BROKERS (1) Alex. & Alex. 11pc Db. 2007, INSCE. COMPOSITE (1) Hibernian, INV. TRUSTS (42) Aberforth Spl. Cap., Do. Uts., Abtrust New Dawn Warrants, Alliance, Asia Global Em. Mkts., Do. Warrants, Brunner, Castle Cairn, Do. Warrants, China & Eastern, City of Oxford Zero Pf., Drayton Asia, Electra, Euro. Project, Five Arrows, Do. Warrants, Fmg. Fledgeling, Gen. Cons. Spd. Pf., Govett Strat., Greenfriar, I & S Opt., Inv. Tst. of Guernsey, Jos. Law Deb., Lancs. & Lon., Lloyds Smllr. Co's. Cap., Do. Uts., Lon. Atlantic, Majedie, Merchants, North Br. Can., Pac. Horizon Warrants, Paribas French, River & Merc. Smllr., Scot. Nat. Spd. Pf., Shires, Templeton Emrg. Mkts., TR City of Lon. Dfd., Throgmorton, Do. Warrants, US Smaller Cos. Warrants, Witan Warrants, MEDIA (15) Carlton Comms., Do. 8¼p Pf., Central, EMAP, Euromoney, Grampian A, HTV, Headline Book, Independent, Int. Bus. Comms., LWT 3¼p Pfd., News Intl., Pearson, Portls. & Sunderland, Scot. TV, Utd. News., Wamoughs, Yorkshire, MERCHANT BANKS (3) Kleinwort Benson, Schroders, Do. N/V, METAL & METAL FORMING (4) Cook, Glynwed, Tinsley, Triplex Lloyd, MISC. (7) BAT, Cosalt, Faber Prest, Frost, Harris Hoon, Heritage, Rothmans B, MOTORS (16) Appleyard, Avon Rubber, BBA, Do. 6¾pc Pf., Caffyns, ERF, Euro. Motor, Kwik-Fit, Laird, Lookers 8pc Pf., Lucas, Do. Warrants, Pendragon, OTHER FINANCIAL (7) Ed. Food Man., Henderson, INVESCO MIM, M & G, Perpetual, Rathbone, S & U Stores, OTHER INDL. MATERIALS (8) Cookson, Elliott, McKechnie, Morgan Crucible, Do. 7½pc Pf., Nercros, Scapa, Tomkins, Do. 5.5pc Pf., PACKAGING, PAPER & PRINTING (7) Arjo Wiggins, Bagden, Bowater, Br. Polythene, Low & Bonar, Portals, Smith, PROPERTY (3) St. Modwen, Southend Stadium 8¼pc Pf., STORES (8) Betterware, Burton, Colorvision, Etam, GUS A, Hamodan Homecare, Marks & Spencer, T & S, Wyevale Garden, TEXTILES (4) Alex. Sanderson, Baird, Dewhirst, Shiloh, TRANSPORT (2) Tibbett & B., Transport Dev., MINES (1) Malinga Res.

NEW LOWS (47).
BRITISH FUNDS (1) Tr. 10pc 2003 B, AMERICANS (3) Gillette, Merrill Lynch, Pennzoil, CANADIANS (5) Am. Barrick, BCE, Echo Bay, BREWERS & DISTILLERS (1) Anheuser-Busch, BUSINESS SERVICES (1) Corp. Services, CONGLOMERATES (1) Crean Uts., CONTRACTING & CONSTRUCTION (1) Barse, ELECTRICALS (1) Bennett & Fmtn., ELECTRONICS (1) Newmark, ENG. GENERAL (1) Clayton Son, HEALTH & HOUSEHOLD (6) Astra B, Glaxo, Hafslund A, Lilly (Eli), SmKl. Beecham A, Do. Equity Uts., HOTELS & LEIS. (4) Harmony, Quadrant, Savoy A, INSCE. BROKERS (1) Marsh & McLennan, INV. TRUSTS (2) Gen. Oriental, Independent Warrants, MISC. (1) Eurocopy, OIL & GAS (1) Crusader, PACKAGING, PAPER & PRINTING (2) Olives, PrinTech, PROPERTY (1) Power, TELEPHONE NETWORKS (1) Telefonica, TEXTILES (1) Youghal, MINES (14) Antofagasta, Blyvoor, Caledonia, Delta, Elsburg, Grootvlei, Harmony, Hartebeest, Kinross, Moriana, Southvaal, Vaal Reefs, Welkom, Winkelhaak.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	1	68	9	32	199	61
Other Fixed Interest	9	1	7	16	27	25
Commercial, Industrial	445	188	826	1,558	886	3,398
Financial & Property	169	78	545	778	397	1,989
Oil & Gas	25	22	41	72	82	198
Plantations	1	0	8	3	0	33
Mines	14	50	83	76	149	363
Others	32	54	59	171	195	220
Totals	696	461	1,578	2,726	1,935	6,287

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	54	435		Comm. Union	886	480	+3	Lucas	1,800	142	+2	Shell Transport	3,000	464	-3
ASDA Group	15,000	29	-1	Cookson	2,800	150½	+3½	MB Caradon	1,000	300	+7	Siebe	242	698	+11
Abbey National	3,600	304	-1	Courtaulds	1,500	605	+17	MEPC	654	351	+12	Slough Ests	551	188	+2
Albert Fisher	3,600	69		Dalgety	785	400	+4	Manweb	803	358	+6	Smith (W.H.) A	1,300	482	+3
Allied-Lyons	2,400	649	+15	De La Rue	629	570	-1	Marks & Spencer	5,400	343	+10½	Smith & Nephew	2,300	152½	+2
Amstrad	702	34	+1	Dixons	2,400	259	-6	Midland Bank	13,000	375	+8	SmKl Beecham	6,700	827	+28
Anglian Water	1,200	411½	-2½	ECC Group	1,200	588	-2	Midlands Elect.	348	398	-3	SmKl Beecham Uts	1,207	3659	+145
Argos	214	297	+8	Eastern Elect.	2,300	276	+2	NFC	882	264	-1	Smiths Inds.	870	310	+2
Argyll Group	2,500	365	+7	East Midland Elect.	186	285	-6	NatWest Bank	7,900	335	+4	Southern Elect.	784	282	-2
Arjo Wiggins	3,300	288	+14	Enterprise Oil	967	482	+10	National Power	2,100	219	+3	South Wales Elect.	263	354	-6
Ass Brit. Foods	1,000	427	-6	Eurotunnel Units	2,500	368	-17	Next	834	80		South West Water	82	405	-1
Ass. Brit. Ports	336	399		FKI	226	73		North West Water	1,300	419	-1	South West. Elect.	346	306	-1
BAA	1,200	604	+4	Fisons	4,200	356	-3	Northern Elect.	451	321	+2	Southern Water	139	389	-1
BAT Inds.	2,300	749	+14	Forte	1,200	259	+4	Northern Foods	355	563	+8	Standard Chartd.	1,200	479	+11
BET	1,300	130	+2	Gen. Accident	1,900	472	+6	Norweb	494	373		Storehouse	1,100	130½	-½
BICC	2,200	389	+12	General Elect	4,700	219	+2	Pearson	534	697	+5	Sun Alliance	1,200	362	+2
BOC	372	705	+14	Glaxo	5,500	721	-7	P & O	1,800	494	-5	TSB	1,800	134	
[illegible]															
Brit. Aerospace	3,600	368	+3	Hanson	1,800	143	+7	Reed Intl.	825	561	+3	Unigate	313	330	+8
British Airways	2,400	272	+3	Hillsdown	2,500	194	-3	Reuters	380	414		Unilever	1,300	929	+7
British Gas	8,600	279	+4½	IMI	202	380	+6	Rolls Royce	973	1186	+11	United Biscuits	864	429	+1
British Land	484	213	+8	ICI	1,800	1364		Rothmans	2,000	167	+2	Utd. Newspapers	1,600	425	+10
BP	9,300	247	-2½	Inchcape	3,100	507	+7	Royal Bk Scotland	239	1160	+40	Vodafone	2,300	368	+10
British Steel	4,800	77	+½	Kingfisher	568	557	+2	Royal Insurance	3,300	183	+2	Warburg (SG)	534	683	+5
British Telecom	6,200	344	+3½	Kwik Save	264	591	-1	Saatchi	1,600	207	+9	Wellcome	1,300	1032	+5
BT Telecom New	9,300	126	+3½	Ladbroke	4,300	256	+1	Sainsbury	2,800	16¼		Welsh Water	307	428	
Bunzl	183	104		Land Securities	1,300	434	+10	Scottish & New.	3,700	448	+7	Wessex Water	1,300	462	+4
Burmah Castrol	330	858	+6	Laporte	650	633	+8	Scot Hydro-Elect.	1,200	460	+3	Whitbread 'A'	1,000	450	+3
Burton	2,300	47¼	+2½	Legal & General	380	373	-3	Scottish Power	8,200	109½	+6	Williams Hldgs.	2,600	344	-2
Cable & Wire	4,700	574	+15	Lloyds Abbey	1,300	438	+11	Sears	18,000	104½	+6½	Willis Corroon	685	268	+6
Cadbury Schweppes	3,500	485	+4	Lloyds Bank	3,300	424	+13	Sedgwick	1,500	110	+2	Wimpey	343	185	
Calor Group	64	187	+2	LASMO	7,300	233	+26	Seeboard	1,300	217	+7	Wolseley	268	460	
Carlton Comms.	1,400	632	+14	London Elect.	1,100	314	-1	Severn Trent Water	519	318	-1	Yorkshire Elect.	911	366	-2
Coats Viyella	2,700	226	-3	Lonrho	1,500	82	+1		2,400	380	+1	Yorkshire Water	483	408	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A SQUEEZE in stock index futures sent the June contract on the FT-SE sharply forward in heavy turnover and pulled the underlying cash market higher, writes Joel Kibazo.

Having started the session at 2,653, June was sold down before independent traders, having expected a quiet session, rushed to cover short positions. The squeeze that followed was further fuelled by large buying of the Footsie 100 option. The combination of the two factors not only pulled the underlying cash market higher, but saw June trade at a healthy premium for most of the session.

June eventually closed at 2,688, up 41 on the previous session and 25 points over its estimated fair value premium to cash of 22. Turnover reached 9,162 contracts.

In traded options, volume reached 50,380 lots. This was boosted by the total volume in the Footsie 100 option – 28,764 lots. James Capel was reported to have been prominent in the business, being responsible for 12,000 contracts of that total.

Tesco was the top-traded stock option at 3,289 lots. This was followed by Lasmo, in which bid talk was heard. It traded 2,887 lots and was followed by Scottish Power at 1,282 trades.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Thursday April 23 1992

Water	+	25.38	Banks	+	8.87
Building Materials	+	24.30	Industrial Group	+	9.64
Textiles	+	24.18	Brewers & Distillers	+	8.54
Motors	+	23.15	Other Groups	+	8.10
Food Retailing	+	18.90	500 Share Index	+	6.74
Engineering-Aerospace	+	18.29	All-Share Index	+	6.13
Capital Goods	+	17.52	Consumer Group	+	5.92
Contracting, Construction	+	17.47	Electricity	+	4.70
Other Industrial Materials	+	17.13	Investment Trusts	+	4.45
Hotels & Leisure	+	16.42	Food Manufacturing	+	3.76
Metals & Metal Forming	+	15.18	Financial Group	+	2.15
Electricals	+	14.96	Business Services	+	1.26
Packaging, Paper & Printing	+	14.92	Telephone Networks	+	0.85
Engineering-General	+	14.67	Insurance Brokers	-	1.20
Media	+	14.27	Insurance (Life)	-	1.52
Stores	+	14.11	Insurance (Composite)	-	4.19
Chemicals	+	12.18	Oil & Gas	-	7.39
Conglomerates	+	11.53	Health & Household	-	9.12
Electronics	+	11.23	Property	-	11.09
Merchant Banks	+	11.04	Gold Mines Index	-	19.51
Transport	+	10.29			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	102.0087	-0.134	9.66	9.71	10.01
BELGIUM		9.000	05/01	100.7000	-0.200	8.88	8.75	8.90
CANADA *		8.500	04/02	97.8000	+0.300	8.84	8.70	8.88
DENMARK		9.000	11/00	101.1200	-0.050	8.79	8.79	8.83
FRANCE	BTAN	8.500	03/97	98.2577	-0.227	8.94	8.76	8.96
	OAT	8.500	11/02	98.2400	-0.280	8.74	8.63	8.64
GERMANY		8.000	01/02	99.9300	-0.130	8.00	7.92	7.99
ITALY		12.000	03/02	98.0900	-0.100	12.33†	12.29	12.32
JAPAN	No 119	4.800	06/99	94.3243	-0.182	5.93	5.83	5.61
	No 129	6.400	03/00	104.1205	-0.088	5.65	5.61	5.33
NETHERLANDS		8.250	02/02	99.3100	-	8.34	8.26	8.37
SPAIN		11.300	01/02	102.3000	-0.150	10.88	10.74	10.94
UK GILTS		10.000	11/96	102-05	+2/32	9.40	9.33	10.00
		9.750	08/02	103-14	+1/32	9.22	9.14	8.74
		9.000	10/08	99-14	+7/32	9.07	9.00	9.53
US TREASURY *		7.500	11/01	99-15	-3/32	7.56	7.42	7.50
		8.000	11/21	99-07	-7/32	8.07	7.92	7.94

London closing, *denotes New York morning session. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Sugar prices reach 16-month highs

RAW SUGAR prices on the world market this week broke out of the strait-jacket that had confined them for the past 16 months as fears of a squeeze on nearby supplies prompted heavy short-covering by traders in New York. Computer fund buying was also reported as the prompt May position in New York moved above the psychologically-significant 10 cents-a-lb mark for the first time since late 1990.

Thursday saw the prompt May position at the Big Apple's Coffee, Sugar and Cocoa Exchange reach 10.28 cents a lb, up from at 9.59 cents at the end of last week. A more cautious mood prevailed yesterday and in late trading the May price had reacted to 10.05 cents a lb, but traders said the funds and other speculators were still holding big long positions because of concern about supplies of raws from Thailand and drought-hit South Africa.

That concern was clearly reflected in the premium of 36 cents for the May position, which is to expire soon, over the July position. When May sugar became the prompt position at the end of March it was trading at a discount to July of 13 cents.

There were doubts in the world sugar market, however, about the sustainability of the recent price upsurge. GNI Research noted that Thursday's sharp rise at the London Futures and Options Exchange had "inevitably" been magnified by short-covering and described the market's strength as "an ephemeral affair". In yesterday's daily market report GNI said that the South Africans had stressed that they had taken steps to ensure that export obligations would be satisfied. "There is mounting speculation that a large proportion of the open position will be taken out against actuals [physical deliveries] on their [the South Africans'] behalf," the report said. "This still leaves the specs and funds long in the run up to next Thursday's expiry [of the May position]. Since they are unlikely to want to take delivery a heavy bout of long liquidation is on the cards."

GNI said it was also worth noting that the Japanese, who are big buyers of South African sugar, had not reported any significant tightening of conditions on the Tokyo market.

In its World Commodity Forecasts, published this week, the Economist Intelligence Unit paints a fairly sober picture of the longer term sugar price outlook. It estimates that it will average 8.5 cents a lb during the present quarter and in the second half of this year, compared with 8.13 cents in the first quarter. For next year it sees a further modest rise with the price average reaching 8.75 cents in first quarter and remaining at that level in the second and third quarters. But that would still be below the 1991 average of 8.97 cents a lb and the previous year's 12.55 cents.

The EIU report describes a similar prospect for robusta coffee prices. It forecasts the present quarter's average at 45 cents a lb, up from 44.8 cents in the January-March period, rising gradually to 48 cents in the final quarter and 50 cents in July-September 1993.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+4,450	to 1,212,625
Copper	-4,375	to 282,925
Lead	-1,425	to 130,475
Nickel	-258	to 26,034
Zinc	+1,575	to 236,275
Tin	+240	to 12,125

This week saw the July position on the London robusta futures market dip to a fresh 17-year low of $782 a tonne – equivalent to 35.4 cents a lb – as stale long-liquidation in a thin market touched off stop-loss selling orders. The price rallied to $802 a tonne yesterday morning but came under renewed pressure and closed at $787 a tonne, down $14 on the week.

Cocoa prices slipped to 9-month lows meanwhile, with the July position ending at £608 a tonne, down £11 on the week.

A proposal at UN talks in Geneva by the Ivory Coast, the biggest cocoa producer, for a new international price-stabilisation agreement based on export quotas made little impact. GNI described the plan as "merely a political face-saving manoeuvre as the consuming members have already said that they will only consider a [stock] withholding scheme".

Traders thought support might emerge around £600 a tonne mark, but otherwise they saw little to prevent a continued decline in cocoa prices, especially as manufacturer buying interest was conspicuous by its absence.

In a pretty routine week at the London Metal Exchange interest remained dominated by the squeeze on zinc supplies for nearby delivery. This helped to lift the cash price by $33.50 to $1,339.50 a tonne and widened its premium over the three months price by $16.50 to $44 at one point. By yesterday's close, however, the premium had narrowed to $35 a tonne.

Richard Mooney

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
AIB Grofund America	5	117.2	119.6	124.9	-0.40	0.00
AIB Grofund Equity	5	180.5	182.6	193.2	-0.30	2.23
AIB Grofund Euro	5	134.0	135.6	143.1	-1.50	0.61
AIB Grofund Gilt	3	72.20	72.32	74.56	-0.16	5.80
AIB Grofund Japan	5	103.3	104.2	109.6	-0.80	0.00

Abbey Unit Tst Mngrs (1000)H

80 Holdenhurst Rd, Bournemouth 0345 717373

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

§§ Life Assurance and Unit Trust Regulatory Organisation.

[illegible]

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American♥	5	280.2	280.2	299.1	-0.4	0.76
(Accum Units)♥	5	329.8	329.8	352.0	-0.5	0.76
British	5	830.6	847.9xd	897.1	+1.4	5.58
(Accum Units)	5	1392.9	1421.9	1504.4	+2.3	5.58
European	5	334.5	334.5	354.7	+0.1	1.44
(Accum Units)	5	362.6	362.6	384.5	+0.1	1.44
Japan	5	91.40	91.40	97.20	-0.48	-
(Accum Units)	5	92.13	92.13	97.98	-0.49	-
New Pacific	5	199.3	199.3	212.9	-1.7	1.65
(Accum Units)	5	204.7	204.7	218.6	-1.8	1.65
PEP Apr 22	5	156.9	158.6	167.2	-	5.64
Mngd Equity	5	128.0	129.4	136.9	----	2.79
Mngd Equity Acc	5	135.8	137.3	145.3	----	2.79
Mngd Cash	0	95.80	95.80xd	95.80	----	9.82
(Accum Units)	0	120.3	120.3	120.3	----	9.82
Majority Stlg	1	99.88	99.88xd	100.88	+0.01	9.51
Majority Stlg Acc	1	110.77	110.77	111.88	+0.02	9.51
Stonehenge Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International Mar 13	0	50.61	50.61	51.01	----	2.69
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham 0403 232323						
Equity	6	625.7	625.7	669.2	-1.8	2.95
North America	6	84.11	84.11	89.96	-0.48	0.37
Far East	6	84.18	84.18	90.00	-0.58	0.64
W'wide Bond	6	46.92	46.92xd	49.91	-0.28	6.39
European	6	68.28	68.28	73.03	-0.06	1.68
Equity Income	6	69.61	69.61	74.45	-0.26	5.59
Portfolio	6	58.66	58.66xd	62.74	-0.21	2.47
Broker Trusts						
Worldwide Growth	6	47.00	47.00	50.00	----	2.23
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants 0800 525725						
American Growth	6	26.79	26.79	28.66	(2)	0.69
Managed Assets	6	103.90	106.52	112.79	(4)	3.63

	Bid Price	Offer Price	+ or -	Yield Gross
M & G Securities Ltd				
Charifund Apr 23	106.53		----	10.12
(Accum Units)	644.83		+0.1	10.12
NAACIF Apr 21	42.00		----	9.42
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Apr 21	135.9	145.2	----	1.86
UK Small Co † Apr 21	527.1	577.1	----	3.47
Fixed Interest † Apr 21	112.2	118.0	----	8.48
US Small Co Apr 21	162.1	173.5	----	0.00
Managed Apr 21	111.0	118.8	----	3.35
Intl Bond Apr 21	118.1	124.5	----	10.31
Japan Apr 21	58.67	62.57	----	4.69
European Apr 21	92.01	98.50	----	1.72
Nth American Apr 21	118.8	128.1	----	1.24
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Apr 22	56.09	58.34	----	1.70
Euro Expt Apr 22	53.34	56.01	----	2.43
Fixed Int Ex Apr 22	48.39	49.59	----	8.77
Japan Expt Apr 22	35.55	36.98	----	0.89
Managed Ex Apr 22	46.35	48.21xd	+1.23	4.03
SE Asia Expt Apr 22	76.55	80.36xd	----	2.56
Sm Cos Expt Apr 22	36.60	38.43	----	3.23
UK Eqty Ex Apr 22	44.80	47.04	----	3.69
Phillips & Drew Fund Management Ltd				
Small Co's Mar 4	656.40	698.79	----	4.04
Do Accum	761.43	810.61	----	4.04
Int. Expt Apr 23	185.55	189.56xd	----	1.67
UK Index Mar 4	1136.99	1158.06	----	4.53
Do Accum	1258.32	1283.91	----	4.53
Convertible Apr 13	94.03	97.03xd	----	8.36
World ex UK Index Apr 21	740.62	749.27	----	2.25
Do Accum	740.61	749.17	----	2.25
Japan Index Apr 21	425.31	431.80	----	0.98
Do Accum	427.0	433.51	----	0.98
USA Index Apr 21	1067.39	1074.7	----	3.02

INSURANCES

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Citibank Life				
0444 414111				
Managed Ser 1	282.8	297.6	+0.1	-
Equity Ser 1	424.1	446.4	+0.4	-
Smaller Co's Ser 1	234.6	247.0	[illegible]	-
Recovery Ser 1	123.5	130.0	+1.0	-
Property Ser 1	175.8	185.0	+11.9	-
International Ser 1	290.6	305.9	-3.3	-
European Ser 1	118.6	124.8	[illegible]	-
American Ser 1	163.3	171.9	-4.9	-
Managed Ser 2	279.7	294.5	+0.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Eagle Star Insur./Midland Assur.				
60 St. Mary Axe, London EC3 071-929 1111				
Eagle/Mid. Units	233.1	241.6	-0.30	3.79
Equitable Life Assurance Society				
Walton St, Aylesbury Bucks HP21 7QW 0296 393100				
European	126.0	132.6	-0.1	-
Far Eastern	294.2	309.7	-0.3	-
Fd of Inv Tsts	237.4	249.9	+0.4	-
Gilt & Fixed Int	173.6	182.7	-0.3	-
High Income	274.8	289.3	+1.9	-
Intnl Growth	151.2	159.2	-0.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Henderson Administration(z)				
3 Finsbury Ave, London, EC2 M2PA 071-638 5757				
UK Equity	317.6	337.2	+1.7	-
Fixed Interest	67.1	71.3	-0.1	-
N America	268.0	285.0	-1.5	-
Far East	348.9	371.2	+3.7	-
Global Managed	329.7	350.8	+1.4	-
Deposit	205.5	218.9		-
Prime Res.	133.6	141.0		-
European	189.7	201.9		-
Pension Funds				
UK Equity	344.5	366.5	+1.5	-

	Bid Price	Offer Price	+ or -	Yield Gross
Lifetime Assurance Co Ltd				
Bank Hse St John's Rd, Harrow HA1 2EE 081-861 5999				
Managed Security	112.6	118.6		-
Managed Growth	124.5	131.1		-
Managed Opportunity	111.7	117.6		-
Property	114.4	120.5		-
Fixed Interest	123.8	130.4		-
Cash	114.8	120.9	...	-
UK Equity	108.9	114.7		-
Intl Equity	123.9	130.5	.....	-
Managed Security	114.1	120.2	-	-

	Bid Price	Offer Price	+ or -	Yield Gross
NEL Britannia Assce Co Ltd				
Milton Court, Dorking Surrey 0306 880077				
Capital Growth	126.5	133.2	-0.1	-
Managed Income	112.5	118.4	-0.2	-
Cap Grth Ser B	109.7	115.5	-0.1	-
Mngd Income Ser B	115.7	121.8	-0.2	-
PAM Global Growth Fd	118.0	118.0	+0.3	-
PAM Growth Fund	103.6	109.1	+0.2	-
Multichoice Investment Funds				
[illegible]	127.1	133.8	+0.1	-
Deposit	149.2	157.0	.	-

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Norwich Union Life Insurance Soc.-Contd.				
Pensionmaster* & Unit-Linked Plus*				
Mixed Fund	456 8	480 8	+0 6	-
Ordinary Share Fund	706.7	743 9	+4 2	-
International Fund	166 4	175 2	-1.2	-
Property Fund	259 6	273.3	+0 4	-
Fixed Interest Fund	405 7	427 1	-1.3	-
Index-Linked Sec Fund	189 4	199 4	+0.3	-
Deposit Fund	280 5	295 3	+0.6	-
Norwich Units Apr 22		1116 59		-
*Prices as at April 21				
Jersey Investment Plan				
With Profits Fund	123 86	130.37	+0 03	-
Intl Equity Fund	91.72	96.55	-0 37	-
Intl Bond Fund	118.45	124 69	-0 71	-
Norwich Union Pensions Management Ltd				
Surrey Street, Norwich, NR1 3NG 0603 683335				
Group Pooled Pensions				
Balanced Managed Fd	325 73	331.24	+0.63	-
Growth Managed Fd	108 43	110.37	+0.34	-
Sentinel Managed Fd.	106 44	107 80	+0.10	-
Prices as at April 23				
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood, Peterborough PE2 6FY 0733 470470				
Property Dist. (Gross)	133 9	141.0		-
Property Acc (Gross)	255.3	268 7		-
Equity (Gross)	897 0	944 2	-1.1	-
Managed (Gross)	622.7	655 4	-0.9	-
Property Acc. (Net)	121 9	128 4		-
Equity (Net)	207 4	218.3	-0.2	-
Managed (Net)	191 5	201 6	-0 2	-
International (Net)	165 8	174 6	-0 6	-
Gilt & Fixed Interest	138 1	145 4	-0 4	-
Money Fund	138.2	145 4		-
Mixed Fund (Cap)	112 4	118 4		-
Mixed Fund (Acc)	116 0	122.2		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	676.2	711 8	-1.3	-
Ret Man (Series 2)	229 3	241 4	-0.5	-
Ret Cash	193 8	204 0	+0.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Mutual Life Assc. Assn.-Contd.				
Fixed Interest Ord	224 0	235 8	-0.3	-
Fixed Interest Init	164.4	173 1	-0 2	-
Deposit Ord	184 7	194 4		-
Deposit Init	135 6	142.7		-
Pension Funds				
Managed Ord	464 9	488 9	-0 9	-
Managed Init	340.9	358.8	-0 8	-
Equity Ord	722 7	760 7	-1.3	-
Equity Init	530.4	558.3	-1.1	-
Pen Ind Lkd Gilt Ord	179 6	189 1		-
Pen Ind Lkd Gilt Init	137 7	144.9		-
Overseas Equity Ord	305 7	321 8	-1.1	-
Overseas Equity Init	224 4	236.2	-0 9	-
Property Ord	279.7	294 4	+0 1	-
Property Init	205.3	216.1		-
Fixed Interest Ord	284 0	298.9	-0.5	-
Fixed Interest Init	208.5	219.5	-0.3	-
Deposit Ord	264 0	277 9	+0 1	-
Deposit Init	193 8	204 0	+0.2	-
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed Mar 22	262.6	273 6		-
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP 071-548 3281				
Prudential Managed Funds				
Discretionary Apr 22	£187 18	193 00		-
Equity Apr 22	£215 39	222 77		-
International Apr 22	£27 29	27 88		-
Intl Bond Apr 22	£14 55	14 74		-
Fixed Int Apr 22	£103 47	104 64		-
Index Linked Apr 22	£72.05	72.95		-
Property Apr 22	£108.88	114 92		-
Cash Apr 22	£30 2639	30 2639		-
Pru-Linked Retirement Plan				
Managed Apr 21	457 4	476 5		-
Cash Apr 21	278 2	289.8		-

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
Asset Global Funds Ltd (1200)				
Victory Hse, Prospect Hill, Douglas, IoM 0624 620097				
European Equity 5	14.05	14.05	15.02 +0.05	–
UK Gilt 5	10.297	10.297	10.87	–
Ashburton Managed ...5	.9756	.9756	1.0250	–
European Bond 5	1.0139	1.0139	1.0699	–
Sterling Cash Inc 5	.9782	.9782	1.0272	–
CMI Fund Managers (IoM)				
Clerical Medical Hse, Douglas IoM 0624 625909				
High Income 5	0.4832	0.4832	0.5086	18.36
CMI Core Portfolio Fund				
UK 5	1.0507	1.1260		–
USA 5	1.0598	1.1236		–
Japan 5	0.4499	0.4749		–
Equity & Law Intl Fund Mngrs Ltd				
Victory Hse, Prospect Hill, Douglas IoM 0624 677877				
Total Income Fd 5	96.10	96.21	101.26 +0.05	10.2
Gartmore Fund Managers (IoM)				
PO Box 32, Douglas, IoM 0624 627610				
Intl Grth 5	488.8	488.8	523 8 -2.3	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd				
PO Box 52 Athol St Douglas IoM 0624 661020				
LJ International 5	94.50	94.50	101.7 +0.50	–
Mercury Fund Managers IoM Ltd				
11 Hill Street, Douglas IoM 0624 662255				
Merc IoM Fund 5	103.9	103.9	110.9 -0.10	7.0
Merc Intl Bond 5	49.81	49.81	52.36 -0.15	8.5
Sun Life Management (IoM) Ltd				
PO Box 178, Douglas, IoM 0624 622444				
Secure High Income 6	1.0407	1.0407	1.1156	10.07
Unibank Scandinavian Fund Ltd				

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Citibank (CI) Ltd "Citifunds"						
Short term Investment Funds						
Irish £ Apr 23			217.078		+0.213	–
Equity Funds						
Japan Equity Apr 23			$6.990		-0.206	–
US Eq Nth Apr 27			$22.308		-0.879	–
US Eq Tech Apr 27			$19.236		-0.544	–
Citicare Apr 27			$34.229		-1.354	–
Bond Funds						
GNMA Bond Apr 27			$14.780	14.807	+0.015	–
EBC Trust Company (Jersey) Ltd						
Income			$15.18	15.645		2.75
Capital			$23.62	24.338		3.50
*Offer price includes 3% prelim. charge						
Fidelity Investment (CI) Ltd						
Sterling American			£2.461	2.590	+0.007	–
Foreign & Colonial Mngt (Jersey) Ltd						
USS Cash			$10.67			–
Multicurrency Cash			$16.44			–
Sterling Cash			£11.78			–
USS Bonds			$34.52			–

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Orbis Investment Management Ltd				
Orbis Global Eqty	$12.49	13.12	-0.13	–
Orbis Optimal Eqty	$17.30	18.18	+0.03	–
Orbis Leveraged Eqty	$18.40	19.45	-0.06	–
* Prices on Apr 23 Next Pricing Apr 30 Weekly Pricing				
Orbitex Bahamas Ltd				
ORIENT Growth Fd				
NAV		$9.32	+0.05	–
Wellington Fd Mngrs (Bermuda) Ltd				
Intl Growth Fd	$13.15	13.82		–
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs		$10.71	-0.01	–
Wells Fargo B Shs		$9.78	-0.06	–
Xiphias International Investment Fd Ltd				
Xiphias Int USD		$1.0756		–
Xiphias Int ECU		Ecu1.0670		–
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund		$10.74		–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. p Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). a Offered price includes all expenses except agent's commission. z Previous day's price. ¶ Guernsey Gross. p Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase, all as dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey Financial Services Commission, Ireland Central Bank of Ireland, Isle of Man Financial Supervision Commission, Jersey Commercial Relations Department, Luxembourg Institut Monétaire Luxembourgeois.

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

[illegible]

CANADA (3:00 pm)

[illegible]

AUSTRIA / BELGIUM/LUXEMBOURG / DENMARK / FINLAND / FRANCE / GERMANY / ITALY / NETHERLANDS / NORWAY / SPAIN / SWEDEN / SWITZERLAND / SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA / HONG KONG / MALAYSIA / SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. u unavailable, # dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

INDICES

NEW YORK

DOW JONES	Apr 23	Apr 22	Apr 21	Apr 20	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3348.61	3338.77	3343.25	3336.31	3366.50 (16/4)	3172.41 (2/1)	3366.50 (16/4/92)	41.22 (2/7/32)
Home Bonds	98.88	98.98	99.17	99.01	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1375.75	1343.61	1354.82	1371.64	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.38	207.81	208.12	208.63	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3376.34 (3366.73) Low 3298.52 (3309.48)

STANDARD AND POOR'S

	Apr 23	Apr 22	Apr 21	Apr 20	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	411.60	409.81	410.26	410.16	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	487.07	485.36	487.23	487.56	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.92	34.79	34.22	33.93	35.14 (15/1)	32.40 (8/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	226.16	225.42	225.70	225.77	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	386.26	386.35	386.73	387.08	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	576.05	578.23	575.05	577.20	644.92 (12/2)	573.66 (8/4)	644.92 (12/2/92)	54.87 (31/10/72)

	Apr 10	Apr 3	Mar 27	year ago (approx.)
Dow Industrial Div. Yield	2.85	2.85	2.86	3.45

	Apr 22	Apr 15	Apr 8	year ago (approx.)
S & P Industrial div. yield	2.63	2.57	2.70	2.74
S & P Ind/ P/E ratio	28.80	29.46	27.95	18.70

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
[illegible]	7,362,900	25⅝	+ ⅛
RJR Nabisco	4,193,900	9½	..
Jhsn & Jhsn	3,993,000	91	- 2
[illegible]	3,249,500	24⅛	- 1⅛
Bristol Myers	2,994,800	73	+ ⅛
Citicorp	2,855,200	19	- ⅛
[illegible]	2,844,800	19⅛	+ 1
Am Express	2,610,600	23½	+ ½
Gen Motors	2,503,100	42⅞	+ ⅛
[illegible]	2,498,400	44⅛	+ 1⅛

TRADING ACTIVITY

† Volume Millions	Apr 23	Apr 22	Apr 21
New York SE	235.730	218.790	214.400
Amex	13.681	12.731	12.995
NASDAQ	201.879	198.889	201.778
NYSE			
Issues Traded	2,230	2,237	2,229
Rises	829	835	775
Falls	849	873	929
Unchanged	552	529	525
New Highs	69	77	58
New Lows	27	31	31

CANADA

TORONTO	Apr 23	Apr 22	Apr 21	Apr 20	1992 HIGH	1992 LOW
Metals & Minerals	2991.22	2989.13	2965.84	2958.11	3238.87 (16/1)	2828.26 (8/4)
Composite	3371.47	3367.75	3380.73	3398.80	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1769.31	1768.15	1778.23	1790.64	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 24	Apr 23	Apr 22	Apr 21	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1609.6	1607.8	1599.0	1588.0	1675.60 (15/1)	1545.30 (9/4)
All Mining (1/1/80)	690.7	690.2	694.7	695.4	717.30 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	413.04	416.03	417.32	416.21	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	979.76	991.05	995.15	991.41	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1221.58	1205.43	1194.19	1195.43	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	334.04	333.93	334.44	334.66	365.29 (15/1)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	815.3	818.9	812.9	804.1	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	537.62	538.16	536.39	533.60	538.64 (14/4)	475.53 (2/1)
CAC 40 (31/12/87)	1984.91	1978.14	1983.60	1980.36	1993.30 (18/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	710.81	714.57	713.88	711.48	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	2003.8	2014.7	2013.2	2006.00	2026.70 (3/3)	1813.00 (8/1)
DAX (30/12/87)	1745.70	1752.44	1752.38	1746.50	1764.80 (3/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5330.17	5287.78	5380.03	5093.09	5330.17 (24/4)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1422.40	1425.30	1422.76	1413.98	1469.57 (17/1)	1366.61 (9/4)
ITALY						
Banca Com. Ital. (1972)	508.56	510.14	507.15	506.33	551.59 (6/2)	496.25 (9/4)
MIB General (2/1/92)	1002.6	1005.0	997.0	996.0	1086.00 (5/2)	977.00 (30/3)
JAPAN						
Nikkei (16/5/49)	17591.45	17402.05	16839.12	16787.33	23801.18 (6/1)	16078.25 (9/4)
Tokyo SE (Topix) (4/1/68)	1313.91	1315.03	1283.05	1280.28	1763.43 (6/1)	1196.29 (9/4)
2nd Section (4/1/68)	1925.44	1921.37	1899.73	1946.44	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	583.71	582.9	573.95	572.57	615.04 (30/1)	546.63 (14/1)
NETHERLANDS						
CBS Tril Rtn Gen(End 1983)	301.8	300.1	300.2	299.4	301.80 (24/4)	274.00 (2/1)
CBS All Shr (End 1983)	210.7	210.3	210.5	209.9	210.70 (24/4)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	708.21	705.21	705.70	713.12	748.83 (17/1)	667.80 (25/3)
PHILIPPINES						
Manila Comp (2/1/85)	1179.60	1178.30	1164.39	1171.54	1383.38 (17/1)	1083.81 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	383.74	381.85	381.44	381.4	416.91 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1036.00	1023.0	1023.0	1019.0	1327.00 (21/1)	1006.00 (9/4)
JSE Industrial (28/9/78)	4227.86	4219.0	4192.0	4174.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	595.80	582.87	584.22	580.51	681.48 (6/2)	569.65 (12/4)
SPAIN						
Madrid SE (30/12/85)	250.83	249.59	251.41	252.04	266.51 (28/2)	230.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	987.3	984.2	980.90	982.60	1069.70 (28/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	841.6	833.3	828.9	841.60 (23/4)	745.50 (8/1)
SBC General (1/4/87)	(u)	657.3	654.4	650.8	657.30 (23/4)	601.30 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4480.12	4470.31	4585.87	4556.09	5391.63 (30/1)	4485.44 (13/4)
THAILAND						
Bangok SET (30/4/75)	794.81	797.67	786.93	785.89	852.30 (7/4)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) (s)	490.6*	489.8	486.1	485.4	540.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	943.09	943.24	943.60	943.09	944.06 (15/4)	878.31 (2/1)

**Saturday April 18. Taiwan Weighted Price: 4537.81, Korea Comp Ex. 587.79. *Calculated at 15.00 GMT.
‡ Subject to official recalculation.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Higher bond yields send Dow lower

Wall Street

ALTHOUGH a recovery in drug stocks helped to offset the negative impact on sentiment of another rise in bond yields, share prices suffered slight losses as the underlying tone remained weak, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 6.71 at 3,341.90, having spent the morning session within a few points of Thursday's close. The more broadly based Standard & Poor's 500 was also slightly lower at midsession, down 1.00 at 410.60, while the Nasdaq composite index slipped 3.00 to 573.05. Turnover on the NYSE was 109m shares by 1 pm, and declines marginally outpaced rises by 783 to 720.

The rise in long-term bond yields continued to unsettle equity markets. Higher Treasury yields are seen as a threat to economic recovery because they put upward pressure on mortgage rates, and also make stocks less attractive to yield-hungry investors.

The feeling that the market is overvalued, at least until corporate earnings catch up with the recent gains in equity prices, is another negative factor. The generally positive first quarter results had been discounted by the market, and more good economic news was needed before investors made fresh purchases, analysts said.

Drug stocks, which had been sold heavily on Thursday on concern that they would underperform the market, bounced back. Merck rose $1⅛ to $140⅛, Schering-Plough added $1½ at $53⅜, Pfizer put on $1¼ at $67⅞ and Eli Lilly rose $1 to $83⅞.

General Motors dropped $2¼ to $40⅛ in turnover of 1.6m shares as the market awaited news of the latest developments in the planned reorganisation of the car maker's unprofitable North American business. GM also notified the Securities and Exchange Commission that it will raise more than $2bn from a public offering of 50m shares. GM's weakness spread to other car stocks, with Ford down $¼ at $43⅞ and Chrysler off $⅝ at $18⅞.

Among firmer or steady bank stocks, Chemical rose $⅝ to $37¼ in brisk trading after the company's management said that cost savings from its recent merger with Manufacturers Hanover would exceed targets, that loan loss provisions would decline for the rest of the year and that revenues are currently exceeding internal estimates. Also higher were JP Morgan, up $⅞ at $55⅞, Bankers Trust, $½ firmer at $59, and BancOne, up $⅜ at $10⅞.

Chiquita Brands plunged $5⅛ to $19⅛, or more than 20 per cent, after the company reported late on Thursday that first quarter profit was well down on a year ago, and warned that it did not expect to meet 1992 earnings forecasts.

Canada

TORONTO stocks were lower at midsession. At 1 pm, the TSE 300 composite index stood at 3,366.1, down 5.4, in volume of 11.9m shares valued at C$133.5m. Declines led advances by 220 to 189.

The gold index fell 63.17 or 1.4 per cent to 4,359.72 as Comex June gold futures slipped.

Among active stocks, Scotiabank rose C$⅛ to C$19⅞ while Alcan fell C$⅛ to C$24⅛.

Canadian Imperial Bank of Commerce

An editing error in yesterday's article on the Toronto stock market made it appear that Canadian Imperial Bank of Commerce could not easily absorb a big write-down on its Olympia and York loans. In fact, the bank's chairman said on April 15 that the property developer's troubles will have only a limited impact on the bank's earnings. We apologise for the error.

EUROPE

Frankfurt steady as strike threat looms

SENIOR bourses regained their composure after the German money supply scare on Thursday, *writes Our Markets Staff.*

FRANKFURT fell slightly but confounded dealers who had expected a steep decline. The DAX index closed down 6.74 at 1,745.70 for a 0.2 per cent fall on the week. The FAZ index, calculated at midsession, shed 3.76 to 710.81, barely changed on the week. Turnover fell to DM5bn from DM6.1bn.

News that postal workers had voted to strike had no immediate impact, but investors remained cautious ahead of the weekend when more ballot results are expected.

Continental closed up DM3.50 or 1.3 per cent at DM281, off a new year's intraday high of DM283.50. The tyre company was reported to have held a presentation in London yesterday. Some analysts attributed Continental's rise this week to expectations of good 1992 forecasts at its press conference next month and to confirmation that European tyre prices are to increase.

Chemical stocks fell ahead of next week's dividend payments. Hoechst fell DM2.70 to DM263.50 and Bayer lost DM1.90 to DM267.10.

FT-SE Eurotrack 100 - Apr 24

Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1167.83	1167.50	1166.58	1167.41	1168.00	1167.29	1167.95	1167.02

Day's High 1168.14 Day's Low 1166.04

Apr 23	Apr 22	Apr 21	Apr 16	Apr 15
1169.11	1171.34	1166.73	1169.83	1167.06

PARIS made another attempt to reach 2,000 on the CAC-40 index at the start of the new account but subsided as follow-through buying failed to appear. The CAC-40 index reached 1,995.03 in the morning before closing 6.77 higher at 1,984.91. Turnover was moderate at FFr2.6bn.

Michelin rose another FFr3.60 to FFr208.40 but volume halved to 923,200 shares. Peugeot also gained, closing FFr16 higher at FFr758. It told analysts in London that it did not believe Michelin planned to sell its 5.8 per cent stake in the car company.

Eurotunnel fell 90 centimes or 2.4 per cent to FFr37 with 2.2m shares traded. Analysts were disappointed by yesterday's meeting which failed to offer any reasons to buy the shares. They added that the share's recovery was capped by outstanding equity warrants with an exercise price of FFr42.

Pechiney CI's eased FFr7.40 to FFr368 while Pechiney International added FFr3.60 to FFr212 amid talk that the company was preparing for a rights issue.

MILAN saw early gains wiped out by profit-taking and a fall in Stet. The Comit index dropped 1.58 to 508.56, up 0.2 per cent on the week, in turnover estimated at less than L82.6bn.

Stet fell L77 or 3.5 per cent to L2,120 on rumours, later denied, of a rights issue. Sip fell L28 or 1.9 per cent to L1,458 in sympathy. Pirelli continued to rise, adding L15 to L1,365, while Fiat put on L32 to L4,977.

ZURICH ended weaker. The SMI index closed down 5.4 at 1,874.7, but was up 0.18 per cent on the week.

The chemical sector saw the biggest losses. Roche certificates fell SFr50 to SFr3,120 and Sandoz registered shares were down SFr50 to SFr2,620.

BRUSSELS was lifted by blue chips. The Bel-20 index gained 16.15 to 1,221.58, for a 2.1 per cent increase on the week.

Petrofina advanced BFr200 or 1.9 per cent to BFr10,900 with 14,800 shares traded, while Solvay was up BFr100 at BFr12,750. Delhaize put on BFr190 or 2 per cent to BFr9,690.

AMSTERDAM attracted strong foreign interest. The CBS Tendency index rose 0.8 to 128.6, a gain of 1.66 per cent on the week. Turnover was Fl 729.4m.

Cyclical stocks and those with exposure to the US and UK were generally stronger. Akzo put on Fl 2.50 or 1.6 per cent to Fl 154.80, while DSM advanced 60 cents to Fl 111.70, but off the day's high of Fl 112.90. Akzo is due to report first quarter results on Wednesday and DSM publishes its first quarter figures next month.

US demand for Philips pushed its shares up 50 cents to Fl 37.30 while Daf was 20 cents stronger at Fl 24.80 with UK interest reported.

STOCKHOLM made modest gains, thanks to a recovery in Astra and demand for Asea and forestry shares. The Affärsvärlden general index rose 3.1 to 987.3, little changed on the week, in turnover of SKr586m after SKr837m.

Astra rebounded in heavy trading. The A restricted rose SKr6 to SKr519 while the B free was up SKr1 at SKr515.

The forestry sector was lifted by a government proposal to abolish the general energy taxation on industry. Stora rose SKr4 to SKr301.

MADRID's general index was up 0.4 at 250.03 but down 0.8 per cent on the week. Telefónica recovered Pta20 to Pta1,035.

SOUTH AFRICA

JOHANNESBURG's gold index fell sharply as the price of bullion weakened. The index closed down 17 to 1,006. Industrials fell 3 to 4,216 while the overall index shed 5 to 3,371. SouthVaal was off R3 at R55 and Vaal Reefs fell R2 to R172.

ASIA PACIFIC

Bargain-hunting lifts Nikkei above 17,500

Tokyo

INSTITUTIONAL buying and bargain-hunting helped to lift the Nikkei average to its highest close this week, *writes Our Markets Staff.*

The index rose 140.40 to 17,542.45, but lost 2.3 per cent on the week. It reached a day's high of 17,563.08 and a low of 17,120.63. Volume rose to 300m shares from 296m.

The Topix index of all first section stocks was down 1.12 to 1,313.91 with advances leading declines by 574 to 426, with 139 issues unchanged. In London the ISE/Nikkei 50 index eased 3.55 to 1,070.03.

Arbitrage-linked selling in the early afternoon led the market down but prices then recovered on late buying by pension funds and investment trusts.

A rumour that the finance ministry had asked an industry association to subscribe to investment trust funds also contributed to the recovery, some traders noted. Several large investment trust funds are scheduled to be launched next Tuesday.

However, many investors remained absent ahead of the public holidays next week and the publication next month of some companies' earnings for the year to end-March.

Bank shares were mostly weaker after the finance ministry's announcement on Thursday that 21 large banks had bad loans. Mitsubishi Bank shed Y10 to Y1,840, Sumitomo Bank lost Y50 to Y1,390, and Industrial Bank of Japan dropped Y70 to Y1,810. Dai-Ichi Kangyo Bank lost Y40 to Y1,350.

Canon was up Y20 to Y1,390 after a report that the company will seek a cross-licensing agreement with Honeywell of the US to settle a dispute over alleged infringements by Japanese makers of Honeywell's patents for auto-focus cameras.

Elsewhere, Hitachi rose Y9 to Y845, Mitsubishi Electric gained Y6 to Y501 and Fujitsu was up Y5 to Y798. Car stocks were firmer with Toyota rising Y30 to Y1,460 and Nissan gaining Y9 to Y594.

Roundup

THE markets on the Pacific Rim closed the week mostly ahead as Hong Kong climbed to its fifth consecutive closing high. Bombay remained closed as brokers continued their boycott.

HONG KONG finished off the day's high on profit-taking. The Hang Seng index rose 42.39 to 5,330.17, a gain of 4.8 per cent on the week. Turnover eased to HK$4.02bn from HK$4.46bn.

HK Telecom rose 25 cents to HK$9.35 on rumours that Cable & Wireless of the UK might sell an 8 per cent stake in the utility.

SINGAPORE rose on overseas demand for blue chips. The Straits Times Industrial index advanced 6.09 to 1,408.36, barely changed on the week, in turnover of S$69.3m.

Singapore Press Holdings foreign improved 30 cents to S$13.20 ahead of half-year results while Rothmans rose 25 cents to S$6.50 with 201,000 shares traded.

SEOUL rose on bargain-hunting in large capital shares. The composite index gained 13.01 to 595.88, for a rise of 1.45 per cent on the week. Turnover rose to Won466.2bn from Won381.8bn.

TAIWAN was lifted by the end of a five-day protest by opposition parties demanding direct presidential elections. The weighted index gained 9.81 to 4,480.12, but was down 1.3 per cent on the week. Turnover rose to T$14.27bn from T$12.7bn.

MANILA closed mixed. The composite index shed 3.62 to 1,174.68, but was up 0.3 per cent on the week.

KUALA LUMPUR finished ahead but off earlier highs. The composite index advanced 0.61 to 583.71, for a rise of 1.3 per cent on the week.

AUSTRALIA was firmer. The All Ordinaries index rose 1.8 to 1,609.6, up 1.2 per cent on the week.

NEW ZEALAND edged higher. The NZSE-40 index closed up 3.89 to 1,455.29 for a 3.1 per cent increase on the week. Turnover was estimated at NZ$41m.

A new relevance for an old set of values

Emiko Terazono on the changing Japanese market

While Japan endures its worst slump in share prices and turnover since the 1960s, international investors might get some comfort from the fact that Japanese equity valuations are finally coming into line with their overseas counterparts.

In the past, investors in Japanese equities were forced to disregard financial ratios due to the gross share price inflation in Japan. But now that the asset inflation factor of the late 1980s has been eliminated by the squeeze on liquidity, international valuations have become relevant.

The Nikkei average has fallen 56 per cent from its peak in the late 1980s, and its price/earnings (p/e) ratio has fallen from 75 to 38. With Japanese shares at their cheapest since the early 1980s, investors have a chance to pick up blue chips at bargain-basement prices.

Mr Jason James, strategist at James Capel in Tokyo, says that blue chip manufacturers are now on a multiple of 35, down from a peak of 66, and compared with 22 a decade ago. The consolidated p/e ratio for Sharp has fallen to 28 from an all-time high of 35, while the multiple for Matsushita Electric Industrial has declined from 20 to 16.

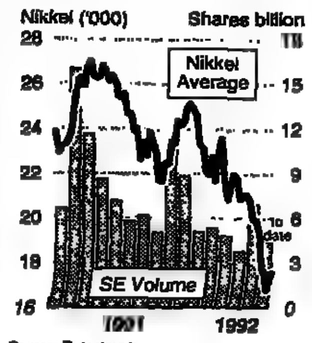
Current levels indicate that Tokyo share prices have returned to a more normal relationship with overseas stock markets. The p/e ratio for the Nikkei average now stands at 38 compared to 23 in April 1982, while that of the Standard & Poor's 500 has risen from 8 to 25.

However, Japanese p/e ratios remain distorted by several factors, such as the low liquidity created by Japan's stable shareholding structure – some 40 per cent of stocks are believed to be held by long-term investors.

Strategic equity stakes are held by companies belonging to the same group – "keiretsu", or business partners. Main relationship banks are also stable shareholders, as are life insurance companies, which usually manage the pension fund of the company in which they have a stake. Individuals own only 20 per cent of all listed companies, while corporations, including financial institutions, own more than 70 per cent.

Cross-shareholding distorts the stock market's p/e, which is calculated by dividing the total capitalisation by the total net earnings. Since most listed companies own shares in other listed companies, it would not take the total capitalisation to buy the whole market. For example, when buying shares in Matsushita Electric Industrial, one would also be buying into its listed affiliates.

Japan



Source: Datastream

The total capitalisation of the Tokyo stock market is estimated at Y275,000bn ($2,043bn). However, this figure is inflated by 40 per cent, since only 60 per cent of the market is free to float.

Accounting differences are also cited as a reason for high p/e ratios in Japan. Japanese companies tend to understate earnings due to their accelerated depreciation policy. Furthermore, Japanese companies are only required to report consolidated figures if subsidiaries contribute more than 10 per cent of group assets, sales and net income. As profits can be manipulated by shifting income between subsidiaries, and to special reserves, earnings figures are not always reliable.

Some of the accounting differences can be narrowed by using consolidated income instead of parent earnings. This will increase earnings, the denominator for the market p/e, by some 20 per cent.

With some of the "distortion" factors stripped out, the p/e for the Tokyo market works out at just under 20. The figure remains open to debate since cross-shareholdings can improve business relationships, and profitability. In some cases, quantifying accounting distortions is virtually impossible, since earnings manipulation does not appear in company statements.

Advocates of the price to book (p/b) ratio – the share price relative to net asset value – say that Japanese companies look attractive by this measure. The number of shares whose p/b ratios are less than 1 has increased as a result of the stock market's slump.

The consolidated p/b ratio for Matsushita is now 0.8, and 0.91 for Hitachi. Some analysts argue that since Japanese companies do not revalue their assets, the p/b ratio only reflects the share price movements.

Other commonly used valuation methods are market capitalisation to sales, and price to cash flow. Using such measures, Japanese industrial blue chips appear to be fairly valued compared with overseas counterparts. According to James Capel, the market cap/sales ratio for Honda is 0.3, compared with 0.2 for Ford Motor and 0.3 for BMW. The price/cash flow ratio for Toshiba is 5, while General Electric is 11.9 and GEC is 8.

However, with investor confidence severely battered, and evidence of a slowing economy adding to the gloom, valuations may look even cheaper in a few months' time. If the economy takes longer than expected to recover, even blue chip manufacturing companies face the risk of a further downward revision in sales, profits and cashflow.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY APRIL 23 1992								WEDNESDAY APRIL 22 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	146.27	+0.2	122.87	124.31	126.28	128.20	+0.7	4.30	145.97	122.75	123.78	126.24	127.33	153.68	140.94	142.33
Austria (19)	167.89	+0.3	141.02	142.69	144.94	145.01	+0.1	2.00	167.31	140.70	141.58	144.70	144.86	186.70	162.62	196.76
Belgium (46)	137.69	+0.8	115.66	117.01	118.87	116.13	+0.4	5.24	136.91	115.13	116.09	116.40	115.84	145.19	135.87	136.90
Canada (115)	128.31	−0.1	107.78	109.04	110.76	110.19	+0.0	3.33	128.40	107.98	108.88	111.04	110.23	142.12	125.78	138.99
Denmark (35)	231.85	+0.0	194.75	197.05	200.15	202.68	−0.1	1.82	231.87	194.99	196.03	200.54	202.84	273.94	226.81	230.39
Finland (15)	77.21	+0.9	64.85	65.62	66.65	73.28	+0.8	1.99	76.49	64.33	64.87	66.16	72.70	89.80	73.64	111.04
France (106)	156.01	+0.0	131.05	132.58	134.67	137.17	−0.2	3.43	156.01	131.20	132.28	134.91	137.41	159.16	148.06	132.86
Germany (65)	119.37	+0.3	100.27	101.46	103.05	103.05	+0.1	2.23	119.06	100.13	100.98	102.97	102.97	122.84	114.67	109.58
Hong Kong (55)	218.63	+1.4	184.65	186.83	189.78	218.39	+1.4	3.70	216.71	182.24	183.76	187.43	215.33	219.83	175.36	147.88
Ireland (16)	160.24	+0.3	134.60	136.19	138.34	140.59	+0.2	3.67	159.69	134.29	135.42	138.11	140.37	173.71	151.78	155.90
Italy (78)	71.54	+0.7	60.10	60.80	61.76	66.76	+0.7	3.45	71.05	59.75	60.25	61.45	66.28	80.86	68.92	78.31
Japan (473)	98.67	+2.5	81.20	82.16	83.47	82.16	+2.7	1.04	94.33	79.33	79.99	81.60	79.99	140.95	88.70	137.42
Malaysia (68)	236.65	+1.7	198.79	201.12	204.30	231.28	+1.4	2.78	232.68	195.65	197.28	201.21	228.00	250.16	212.49	234.24
Mexico (18)	1728.17	+0.7	1449.97	1467.04	1490.19	5819.50	+1.0	1.03	1713.47	1440.99	1452.99	1481.69	5761.69	1789.77	1376.91	914.96
Netherland (25)	153.30	+0.0	128.78	130.29	132.35	130.77	−0.2	4.26	153.34	128.95	130.03	132.62	130.98	156.49	147.88	138.62
New Zealand (14)	43.77	+0.6	36.76	37.20	37.79	43.65	+1.6	6.31	43.52	36.60	36.91	37.64	42.96	46.52	42.01	49.38
Norway (23)	170.19	+1.0	142.96	144.65	146.93	149.98	+0.7	1.70	168.57	141.75	142.94	145.79	148.89	192.95	161.26	187.59
Singapore (38)	203.17	+0.1	170.66	172.67	175.39	155.46	+0.3	2.09	202.90	170.63	172.09	175.48	154.98	228.43	190.76	201.72
South Africa (61)	227.51	−0.1	190.94	193.18	196.23	169.29	+0.5	3.00	227.65	191.44	193.04	196.87	168.39	263.60	209.16	205.95
Spain (50)	147.58	−1.0	123.97	125.43	127.40	116.56	−1.0	5.19	149.07	125.36	126.41	128.92	117.79	160.47	146.86	154.49
Sweden (25)	183.36	+0.7	154.02	155.83	158.29	162.73	+0.4	2.78	182.12	153.15	154.44	157.51	162.03	190.37	173.09	178.35
Switzerland (60)	98.79	+0.3	82.98	83.97	85.30	94.44	+0.4	2.26	98.48	82.81	83.51	85.18	94.11	104.22	95.99	92.49
United Kingdom (228)	185.17	+0.3	155.54	157.35	159.84	155.54	+0.2	4.77	184.57	155.21	156.50	159.61	155.21	188.29	165.85	169.11
USA (522)	167.57	+0.4	140.76	142.42	144.67	167.57	+0.4	2.95	166.90	140.35	141.55	144.35	166.90	171.66	160.92	153.80
Europe (791)	147.25	+0.2	123.69	125.15	127.13	126.39	+0.1	3.89	146.93	123.56	124.59	127.08	126.26	150.58	139.31	136.89
Nordic (98)	172.12	+0.4	144.58	146.29	148.59	146.33	+0.2	2.22	171.42	144.15	145.36	148.25	146.00	188.52	169.65	173.55
Pacific Basin (717)	102.90	+2.2	86.18	87.20	88.57	87.60	+2.5	1.44	100.35	84.39	85.10	86.79	85.50	141.97	94.40	137.87
Euro−Pacific (1508)	120.66	+1.2	101.35	102.54	104.16	103.61	+1.3	2.68	119.17	100.21	101.04	103.08	102.28	145.21	113.80	137.69
North America (637)	165.10	+0.4	138.69	140.33	142.56	163.67	+0.4	2.97	164.47	138.31	139.49	142.27	163.04	169.69	158.70	152.80
Europe Ex. UK (563)	124.55	+0.1	104.62	105.88	107.55	109.49	+0.0	3.22	124.37	104.59	105.46	107.59	109.47	129.79	121.61	117.27
Pacific Ex. Japan (244)	160.95	+0.9	135.20	136.81	138.96	143.40	+1.1	3.79	159.58	134.18	135.33	138.01	141.86	160.95	149.00	139.74
World Ex. US (1702)	123.16	+1.2	103.45	104.68	106.32	105.88	+1.2	2.64	121.74	102.37	103.24	105.29	104.59	146.91	116.45	138.86
World Ex. UK (1996)	132.68	+0.9	111.45	112.77	114.55	121.80	+1.0	2.51	131.47	110.56	111.49	113.71	120.62	150.58	127.21	140.32
World Ex. So. Af. (2163)	136.63	+0.9	114.78	116.13	117.96	124.55	+0.9	2.77	135.45	113.91	114.87	117.16	123.44	153.05	130.04	142.48
World Ex. Japan (1751)	159.84	+0.5	134.27	135.86	138.01	149.54	+0.3	3.32	159.29	133.96	135.09	137.78	149.05	161.90	153.20	147.11
The World Index (2224)	137.21	+0.9	115.26	116.62	118.46	124.95	+0.8	2.77	136.05	114.41	115.37	117.67	123.64	153.70	130.66	142.86

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		35 1/16 xd	+1 1/16	39 3/8	34	15,870	1.9
♥Allegheny & W		258p	+19	335p	226p	138.3	6.3
Amdahl		908p	−22	1189p	815p	1,607	0.6
Amer Cyanamid		34 1/2	−1/8	37	32 1/4	3,217	2.7
Amer Express		13 1/4 xd	+1/32	13 7/8	10 15/16	6,256	4.3
Amer T & T		24 5/8 xd	−1/4	24 7/8	20 1/8	32,547	3.0
Ameritech		36	+1/2	38 15/16	32 1/2	19,782	5.5
BankAmerica		28 1/16 xd	−3/16	28 5/8	19 1/16	5,776	2.8
Bankers NY		33xd	−1/8	37 1/4	28 7/8	2,719	6.3
Bell Atlantic		24 5/8	+1/8	26 3/4	23 1/8	9,684	5.9
BellSouth		27 1/2	—	29 1/8	25	13,384	5.6
♥Bethlehem Steel		8 1/8 xd	+1/16	9 5/8	7	628.6	–
Bowater		1276pxd	—	1576p	1076p	486.2	5.3
CPC		48 1/16 xd	−1/16	51 3/8	45 7/16	3,632	2.8
California Engy		671p	—	833p	646p	122.2	–
Campbell Soup		19	−1/8	23 3/8	19	4,776	2.3
Chase Manhattan		15 1/8 xd	+1/8	15 1/8	9 1/8	2,126	4.5
Chrysler		11xd	+1/8	11	6 1/4	3,215	3.1
Citicorp		10 5/8 xd	−1/8	11	5 1/8	3,678	–
Colgate-Palm		28 1/4 xd	−1/2	28 7/8	25 1/4	4,438	2.1
Cont'l Bank		1014p	−22	1036p	499p	1,824	3.3
Dana		24xd	−1/8	24 1/2	14 3/16	986.6	3.8
Data General		507p	−11	1084p	497p	139.9	–
Deal		20xd	−1/2	24 1/8	19 1/8	794.1	3.2
Dun & Brad		30 1/2	−1/4	33 1/2	28 7/8	5,442	4.2
Eaton		48 1/4	−3/8	48 1/2	32 1/2	1,341	2.7
Echlin		10 1/8 xd	−1/8	11	7 1/8	565.4	3.9
FPL		19 3/8 xd	−1/8	19 11/16	18 1/8	3,284	7.0
Fluor		23 7/8 xd	−1/8	27	21	1,935	0.9
Ford Motor		24 7/8 xd	+5/8	24 7/8	15	11,775	2.3
Gen Elect		43 1/8 xd	−1/4	46 1/4	40 1/16	37,265	2.7
♥General Host		458p	−11	585p	360p	–	4.4
Gillette		26 1/2 xd	−1	29 7/8	26 1/2	5,794	1.3
Hasbro	n	14 1/2	+1/8	16	12 7/8	1,247	0.5
Honeywell		40 5/8 xd	−11/16	43	34 1/8	2,838	2.3
Houston Inds		24 1/4	—	24 7/8	23	3,190	6.7
IBM		50 1/4 xd	−1/4	54 1/2	46 1/4	28,749	5.4
Ingersoll-Rand		35xd	+7/8	38 1/4	28 3/16	1,816	2.1
Lockheed		26 1/8	−1/8	28 7/8	22 1/8	1,639	4.3
Lowe's		2218p	—	2476p	1631p	487.8	1.4
Merrill Lynch		27xd	−1/8	39 13/16	27	2,773	2.1
Morgan (JP)		31 1/4 xd	−1/4	37 1/2	29 1/4	5,902	3.9
Morris (Philip)		43 3/8 xd	+11/16	45 3/8	41 1/4	40,098	2.7
NYNEX		42 5/8	−1/8	44 5/8	39 7/8	6,645	6.1
♥Pac Agric		57p	—	57p	28p	–	–
Pall		15 1/4	+1/2	17 15/16	10 3/16	1,337	1.3
Pennzoil		25 1/4 xd	−1/4	39 1/4	25 1/4	1,622	6.7
Quaker Oats		29 1/2 xd	+1/2	40 3/8	28 13/16	2,284	3.3
Rockwell		13 7/8 xd	−1/8	15 15/16	13 1/16	3,116	3.8
Rep NY		22 11/16	−3/16	26 3/8	22 1/16	1,169	2.5
Sears, Roebuck		25xd	−1/2	28	19 3/16	8,602	4.5
Sthwestern Bell		35 1/4	−1/8	38 7/8	32 1/8	10,589	4.7
Sun Co		15 5/8 xd	−1/8	18 7/8	15 1/8	1,639	6.7
Tenneco		24 1/4 xd	+2 1/8	24 1/4	16 1/2	2,969	3.7
Texaco		33 1/2 xd	+1/8	35 1/4	30 15/16	8,866	6.4
Time Warner		59 1/4 xd	+11/16	62 1/4	46 1/2	5,517	0.9
♥Unilab		440p	—	567p	440p	498.7	–
Utd Tech		30 3/4 xd	−1/8	31 1/4	27	3,749	3.3
♥Ubitech		117p	—	122p	68p	–	–
♣URS Intl. 1c		0 3/4 p	—	1 1/4 p	0 1/4 p	2.38	–
US West		20 1/4	+1/4	21 13/16	18 7/8	8,301	6.9
Varity		785p	—	885p	632p	198.8	–
Waste Manage		23xd	—	25	20 13/16	10,873	1.1
Whirlpool		2812pxd	+29	2789p	2021p	1,615	2.4
♥Woolworth		18 1/8	−1/8	18 1/8	14 1/8	2,119	3.7

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or -	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc.		97	+½	107	89½	12.2	–	–
Cap		31	–	42	12½	–	42.2	28.2
Stepped Pf.	†	138¼	+½	138¼	126	6.1	–	–
Zero Div Pf.		177	–	177	165½	–	–	–
Warrants		5½	–	8	3½	–	–	–
Scot Value	a	58½	–	58½	48	2.8	62.4	7.0
Sec Alliance	†	1215	+5	1228	1138	3.8	1353.4	10.9
Second Market	s	238xd	–	238	222	8.8	278.0	14.4
Sec Tst Scot		72	–	73	63	6.2	74.0	3.4
Select Assets		101	–	102½	90	1.2	132.2	23.6
Eq Ind Serl		119xd	+1	119	109	4.8	–	–
Eq Ind Serll		119xd	+1	119	109	4.8	–	–
Shires	†	233	–	234	195	10.2	238.3	2.2
11pc Cv Ln '03/04		£112½	–	£112½	£95½	9.8	–	–
Siam Select		88	–	91	66	1.6	99.2	13.3
Warrants		18	–	21	17	–	–	–
Smaller Cos		78	–	78	67	4.4	86.2	10.0
Warrants		13	–	15	10	–	–	–
Sphere Inc.	M	17½	–	20	14¼	34.7	22.0	[illegible]
Zero Div Pf.		71	–	71	65¾	–	–	–
Warrants		0¾	–	1½	0¾	–	–	–
Stratton		154	–	160	147	1.6	186.9	17.6
Summit		45	–	62	38	3.9	109.3	60.7
TR City of Lon.	M	117xd	–	117½	97½	5.4	116.2	0.7
TR Euro Growth	s	85	–	88	63	1.6	99.6	14.6
Ptg Sub	s	58	–	64	50	2.7	–	–
TR Far East Inc.	M	93	+1	94	78	8.4	99.9	6.9
Warrants		18	–	18	12	–	–	–
TR High Inc.		90xd	–	100	91	8.1	98.0	8.1
Sub	g	28	–	36	25	0.7	–	–
TR Pacific	s	92	–1	94	71	0.4	95.2	3.3
TR Prop		24	+1	27	20	4.1	34.5	31.6
TR Smaller		137	–	138	118½	3.0	149.5	8.4
TR Technology	M	38	+2	37	25	2.0	102.9	67.9
Stepped Pf.		108¼	–½	108½	89¾	7.5	–	–
Zero Pf.		172	–	174½	154½	–	–	–
Temple Bar		250	+1	250	239	6.5	263.0	8.4
6pc Cv Ln 2002		£114½	–	£115½	£110½	8.2	–	–
Templeton Em.		210	+1	210	165	1.6	201.9	–0.5
Warrants		86	–	86	59	–	–	–
1pc Cv Ln 2001		£207½	–	£207½	£162½	0.6	–	–
Thornton Asian		68	+1	64	54	1.1	74.6	22.1
Warrants		7½	–	11	5	–	–	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if [illegible].

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¶¶ Not officially UK listed; dealings permitted under Rule 535(2)
- \# Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FINANCIAL TIMES
Weekend April 25/April 26 1992

Engineering workers add weight to public sector threat

German union calls for 'massive warning strikes'

By Christopher Parkes in Bonn

WESTERN GERMANY'S 4m engineering workers yesterday rejected a 3.3 per cent pay offer and prepared to add their weight to the wave of strikes already threatening chaos in public services next week.

Mr Franz Steinkühler, president of the IG Metall union, said the offer was meant as a provocation and would be treated as such. He called for "massive warning strikes" next week.

Three factories in Hesse were hit immediately as 4,000 workers walked out in the morning.

The danger of widespread public sector stoppages was heightened when the DAG white-collar union announced 74.7 per cent of its membership had chosen action. A 70 per cent "yes" vote is needed for strikes to be called. Ballot results from the main public service union OeTV, with 1.2m members, are expected today.

Work at the Hamburg central post office, which handles 4m pieces of mail a day, was disrupted yesterday when 400 staff were called out on indefinite strike. Services were already "crippled", the DPG post office workers' union claimed. Cologne-based motorway maintenance workers also stopped work.

Results from smaller groups underlined the strength of feeling in the workforce. The DPG union reported a 95.4 per cent strike vote. Almost 90 per cent of motorway maintenance workers in the VDS union voted for action.

Mr Josef Hilgers, the VDS leader, said that even a 5.4 per cent pay deal, proposed recently by an arbitration council and rejected by employers, would leave his members only DM80 (£27) a month better off.

The employers, led by Mr Rudolf Seiters, interior minister, confirmed on Thursday that, while they were prepared to reopen negotiations, they would not increase their final offer of 4.8 per cent.

Mr Theo Waigel, finance minister, yesterday reaffirmed his commitment to an effective freeze on public spending for four years.

Engineering employers, representing the powerhouse of the German economy, want to link pay rises to productivity increases, expected to be about 2 per cent this year. They claim that excessive labour costs forced them to cut 62,000 manufacturing jobs last year. IG Metall is demanding 9.5 per cent.

Mr Helmut Schlesinger, president of the Bundesbank, warned of a "great danger of a further turn in the spiral" of wages and prices "if, as is now the case, people expect wage rises to offset price rises which have resulted from higher taxes and government levies".

There was no sign that the public sector unions, representing about 3m workers, were prepared to take up Mr Seiters' offer of more talks. Their previous strike, which lasted three days in 1974, was limited mainly to local transport and rubbish collection services in key towns.

IG Metall last called selective strikes in 1984 to demand shorter working hours.

Starting post: Hamburg postal workers begin their indefinite strike ahead of public sector stoppages expected next week

Bonn spurns US criticism, Page 2
Frankfurt shares steady, Page 19

Afghan peace hope raised by Peshawar agreement

By Farhan Bokhari in Islamabad and David Housego in Kabul

A BREAKTHROUGH in United Nations-brokered talks among Afghan mujahideen leaders in Pakistan was achieved last night, with an agreement to form a 51-member council which would go to Kabul in the next few days and take power.

It remained unclear in Kabul whether the accord in Peshawar would end the 13-year civil war. Although President Najibullah has fallen, rivalry between mujahideen groups has threatened a continuation of the conflict.

The agreement came at the end of a week of uncertainty surrounding intensive meetings in Peshawar, close to Pakistan's border with Afghanistan.

It also came ahead of tomorrow's deadline set by Mr Gulbuddin Hekmatyar, leader of the Hezb-i-Islami, who had threatened to order his men to storm the Afghan capital if the government there did not surrender.

Mujahideen supporters said that, with Mr Hekmatyar's group participating in the council, his threat no longer existed. At yesterday's meeting a representative of Mr Hekmatyar accepted the agreement. However, it was pointed out that Mr Hekmatyar himself had not ratified the plan as he was still in Afghanistan.

The deal came shortly after the arrival in Pakistan of Mr Boutros Boutros Ghali, UN secretary general, who said the UN would maintain its role of conciliation to bring peace in Afghanistan. "I will consult leaders of this country [Pakistan] and ask their assistance, so that we will be able to continue our role of conciliation among the different groups in Afghanistan."

He did not comment when asked what were the plans for the country's former president, reported to be hiding at one of the UN offices in Kabul.

Several thousand guerrillas from rival mujahideen groups slipped into Kabul yesterday in what seemed to be a move towards taking control of the city. The Afghan government has said it is prepared to hand over power to a united mujahideen government.

There was also speculation in Kabul that Mr Ahmed Shah Masood, leader of the northern-based Jamiat-i-Islam, would be appointed defence minister in a new mujahideen government.

The eastern city of Jalalabad – the last outside the capital to remain in government control – yesterday fell to a coalition of guerrilla groups, with army units handing over the city peacefully.

Mr Raz Mohammad Pakteen, interior minister, confirmed in an interview that 2,000-3,000 armed mujahideen had entered Kabul. However, reports from different parts of the city suggest the figure could be as high as 20,000.

Most of them are from groups who support Mr Masood.

Ethnic rivalries overshadow Afghan peace, Page 3

THE LEX COLUMN

The long dark tunnel

Judging by yesterday's announcement, negotiations between Eurotunnel and the contractors are as delicately poised as ever. The financial position appears rather worse. Granted, Eurotunnel has effectively disabled last month's damaging ruling from the disputes panel by seeking time-consuming arbitration on the small matter of the original contract. That levels the score with the contractors, so for practical purposes the project's commercial and operational future will once again be thrashed out behind closed doors. To Sir Alastair Morton that must look reassuringly like business as usual. But the future shape of its finances has arguably never been less clear than now.

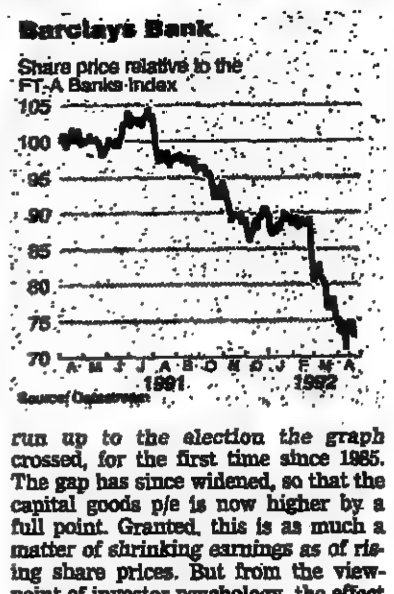
It must be a matter of partial relief for the banks that accusations of mutual villainy which flew freely around two years ago are absent this time. That said, the stakes are higher, if only because Eurotunnel's ability to absorb funding problems gets smaller the nearer it gets to opening for business. Its margin for error is already a mere £870m. Hence, perhaps, the 5 per cent fall in the company's shares yesterday.

Until the tunnel is producing revenues, the banks will have to grant a series of waivers to their funding agreements just to allow the company to draw on its existing facilities. Any further disputes or delays – and Eurotunnel hints there are plenty waiting to happen – will push back the point at which the project breaks even. So at this stage, any increase in the banks' lending looks decidedly unlikely. While the risk of outright foreclosure is negligible, the danger is that the banks will demand a higher price for their co-operation. For all his ingenuity, even Sir Alastair will have his work cut out to protect shareholders' interests to the finish. An eventual rights issue seems inevitable either way.

Markets

The past week in the London market has confirmed the feeling of solidity about the post-election rally. It is not just that the FT-SE ended the week almost exactly where it started, after a run of heavy trading sessions. There is a growing sense that the economic recovery, however feeble, is definitely established. The switch from defensive stocks to cyclicals continues accordingly. A year ago, the p/e on the consumer goods sector was 3½ points higher than on capital goods. In the run up to the election the graph crossed, for the first time since 1985. The gap has since widened, so that the capital goods p/e is now higher by a full point. Granted, this is as much a matter of shrinking earnings as of rising share prices. But from the viewpoint of investor psychology, the effect remains the same.

FT-SE Index: 2643.0 (+33.2)



The spirit of optimism is the more striking in that investors have plainly accepted that UK interest rates are not about to be cut after all. Indeed, it has become all too clear that it is in the government's interest to keep a tight hold on monetary policy on political grounds. The last thing that is wanted now is a boom that may turn to another slump in five years' time. As the jargon has it, the economic and electoral cycles have to be brought back into line. And with inflationary pressure still detectable in the domestic economy – to say nothing of Germany – the government is quite able to defend its conduct on the grounds of sound money. An anaemic recovery, in short, is not only likely; it may be a matter of policy as well.

Barclays

Sir John Quinton must take some comfort from the fact that he is not the only top banker in recent times to find that his tenure has been shorter than expected. The list, which includes the likes of Mr Tom Frost at National Westminster and Sir Kit McMahon at Midland, is a long one. Most of those on it would probably claim that they are direct or indirect victims of the recession. But it is in the nature of recessions to expose the real quality of management in banking. That is certainly true of Barclays, with its ill-judged dash for growth when Sir John took the chair.

What is nonetheless perplexing is that the planned reshuffle involves the promotion of the present managing director, Mr Andrew Buxton, first to chief executive and then to chairman. There is room for doubt over whether the top position should go to a scion of a founding family. And his present position means he must take a share of the blame for the lax cost control which has been a substantial part of Barclays' problem.

There is no obvious reason why Mr Buxton's elevation should of itself reverse a trend which has seen Barclays' shares underperform the sector by nearly 30 per cent over the past year. Barclays needs first a clear separation of the roles of chairman and chief executive. Then, if the non-executive directors want to make Mr Buxton chairman, they need to find a banker with both practical ability and strategic vision to work alongside him. With no outstanding internal candidate, it may be necessary to look outside.

One answer might be for Lloyds, whose management has retained its reputation throughout the recession, to take over Midland and for Mr Brian Pearse to return to Barclays. Simpler still, Lloyds could merge with Barclays, a partnership which was mooted in 1988, only to be thwarted by the competition authorities.

Oil price

Yesterday's Opec meeting in Vienna was always unlikely to produce a significant shift by the cartel. Long before it happened, the meeting had served its purpose of reassuring the market that Opec wanted to defend an oil price floor. After February's chaotic meeting in Geneva, prices first stabilised and then rose moderately, so that Brent crude has recently been hovering below $19 per barrel.

While many of the smaller producers would doubtless prefer still higher prices, the Saudis remain reluctant to cut their production. This is partly because there have been tentative signs that demand is beginning to recover, partly because Russian output is still tumbling. Firmer evidence of economic recovery is unlikely to have arrived before next month's meeting to set third quarter production targets. All the same, the fundamentals look slightly more promising than for a while.

Channel tunnel project faces further increases in costs

By Andrew Taylor and Robert Peston

EUROTUNNEL, the embattled Channel tunnel group, yesterday announced a further big rise in the cost of the project and confirmed it was in technical breach of loan covenants.

This will prevent it drawing cash without special permission from its bankers.

The group has also started proceedings which it says would allow it to set aside a ruling that it must triple contractors' monthly progress payments to £75m.

Mr John Neerhout, project director, said the decision to begin arbitration proceedings with the Industrial Chambers of Commerce in Brussels would make unenforceable last month's payments ruling by an independent disputes panel.

Sir Alastair Morton, chief executive, said at the announcement of Eurotunnel's annual results in London that the estimated cost of completing the project – due to open next year – had risen since last autumn from £7.37bn to £8.1bn. The final cost would be even higher because the project was not expected to break even until 1996.

The uncertainty over the project's costs will lead to added complications in Eurotunnel's attempt to persuade banks to allow it to continue to draw down funds following the breach in loan covenants. The breach was caused by an increase in the forecast of cash outflow during the first years of the tunnel's operation because of delays in providing a full train service, higher costs and economic growth at a lower level than expected.

As a result the group must have the permission of banks – in the form of a waiver of the relevant covenant – to allow it to continue to draw down the next tranche of loans due in June, when Eurotunnel will run out of cash. The 19 leading lenders to the company, known as the instructing banks, were briefed yesterday by Sir Alastair.

Under its borrowing contracts, Eurotunnel needs agreement from 65 per cent of banks as measured by the value of their loans. Bankers, led by four agent banks – National Westminster and Midland from the UK, Crédit Lyonnais and Banque Nationale de Paris from France – say receiving that support is not assured. Eurotunnel says it is confident of receiving it.

Eurotunnel has equity and banking facilities of £8.9bn which it says is enough for it to complete construction. Nevertheless borrowings will continue to rise after the tunnel is open and will exceed the group's previous estimate of £8.05bn of maximum indebtedness taking it close to the limit of its resources.

Patten chosen to steer Hong Kong to 1997 handover

Continued from Page 1

not seek the distant scene, one step enough for me."

Though Mr Patten has clearly not ruled out a return to Westminster, his commitment to staying as governor for the full five years will mean he is not able to take part in the next election.

On criticisms from the Labour party that the governorship was a "consolation prize" for having lost his seat, Mr Patten admitted that had he remained an MP he would probably not have been offered the post.

Mr Henry Keswick, chairman of Jardine Matheson, the Hong Kong conglomerate, said the appointment was "very good news indeed". Mr Keswick, who was believed to have lobbied Downing Street for Lord (formerly Sir David) Wilson to be replaced, said: "Hong Kong needs a politically skilled leader of the highest rank and is very fortunate to have Chris Patten."

Mr Martin Lee, leader of the United Democrats, which has emerged as the main opposition party in Hong Kong's nascent democracy, voiced cautious optimism. He said a politician was better for Hong Kong than a diplomat, and "if he is a good politician, I am sure he will pick things up very quickly".

Mr Cheung Kai-Nam, a pro-China politician, said Mr Patten's appointment showed the British government was attaching importance to Hong Kong ahead of the transfer to China. But he expressed disappointment that Mr Patten had little knowledge of Hong Kong and Chinese affairs.

CHIEF PRICE CHANGES YESTERDAY

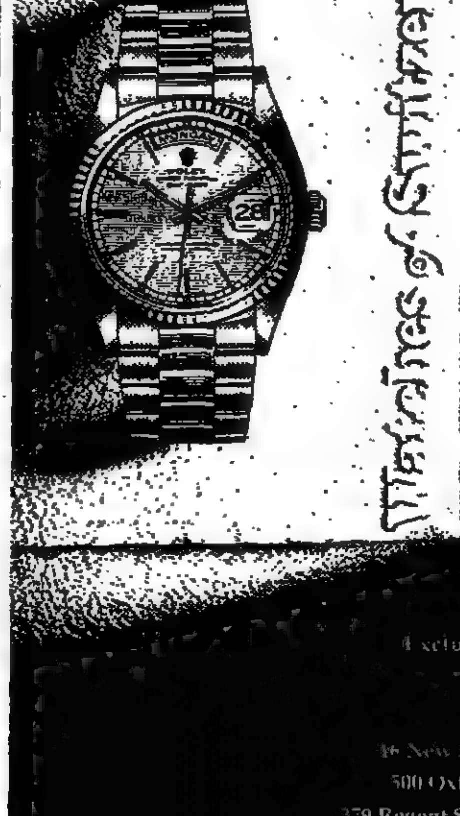
FRANKFURT (Dm)			
Rises			
Dragerwerk	312	+	6.5
Linotype-Hell	300	+	6
Falls			
Asko	850	–	9
Douglas	667	–	10
Goldschmidt	835	–	18
Verein-West	336	–	10
New York ($)			
Rises			
Eli Lilly	68¾	+	1
Merck	140⅞	+	1⅛
Pfizer	67⅞	+	1¼
Falls			
Chiquita Brands	19½	–	5⅛
Chrysler	18⅞	–	⅝
Gen Motors	40⅛	–	2⅛
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Essilor Intl	464	+	14
GTM-Entrepose	437	+	21
Intertechnique	790	+	40
Falls			
Bancaire Cie	470	–	7
Carrefour	2560	–	73
Vallourec	236	–	3
Tokyo (Yen)			
Rises			
Chugokukogyo	423	+	45
Daiwabo	309	+	28
Ogaki Kyoritsu	539	+	46
Showa Mfg	570	+	77
Tokyu Dept	588	+	58
Falls			
Daiichi Housing	330	–	40
London (Pence)			
Rises			
APV	126	+	7
Acorn Computer	14½	+	4½
Barclays	354	+	19
Black Arrow	26	+	3
Britannic Assce	874	+	23
Cable & Wireless	574	+	15
Central ITV	1375	+	40
European Motor	133	+	7
Guinness	596	+	27
Laporte	233	+	26
Lloyds Bank	424	+	18
MTM	47	+	6
Marshalls	95	+	8
Marston, Thompson	198	+	8
Ramco Oil	42	+	4
Rubicon (10p)	105	+	16
SmKl Beecham A	827	+	28
Tarmac	157	+	9
Unigate	333	+	13
Wassall	265	+	11
Falls			
Clayton, Son	95	–	10
Eurotunnel Units	368	–	17
Lamont Hldgs	339	–	11

World Weather

UK Today: Mostly dry with sunny intervals but heavy and thundery showers will develop during the morning, especially over Northern Ireland, Wales, western England and Scotland. In the east, showers will be lighter.

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Cairo	S	21	70	Inverness	R	12	54	Milan	C	15	59	Salzburg	S	16	61
Algiers	S	27	81	Cape Town	F	19	66	Isle of Man	R	7	45	Montreal †	C	7	45	S'Francisco †	F	15	59
Amsterdam	S	15	59	Cardiff	R	11	52	Istanbul	F	14	57	Moscow	C	3	37	Seoul	S	17	63
Athens	F	20	68	Chicago †	R	7	45	Jersey	C	13	55	Munich	S	16	61	Singapore	F	32	90
Bahrain	C	[illegible]	82	Cologne	C	17	63	Johannesburg	F	25	77	Nairobi	C	26	79	Stockholm	F	5	41
Barcelona	S	18	64	Copenhagen	C	7	45	Las Palmas	S	21	70	Naples	F	18	64	Strasbourg	F	20	68
Beijing	S	22	72	Corfu	F	19	66	Leeds	C	13	55	Nassau		–	–	Sydney	F	17	63
Belfast	F	10	50	Dallas †		–	–	Lisbon	C	18	64	Newcastle	R	12	54	Tangier	S	22	72
Belgrade	C	17	63	Dublin	S	12	54	Locarno	F	18	64	New Delhi		–	–	Tel Aviv	C	21	70
Berlin	F	15	59	Dubrovnik		–	–	London	C	14	57	New York †	C	12	54	Tenerife	S	21	70
Biarritz	S	17	63	Edinburgh	R	11	52	Los Angeles †	S	17	63	Nice	C	16	61	Tokyo	F	21	70
Birmingham	R	11	52	Faro	S	20	68	Luxembourg	C	15	59	Nicosia	S	18	64	Toronto †	C	7	45
Blackpool	C	9	48	Florence	F	18	64	Madeira	C	17	63	Oporto	S	16	61	Tunis	S	26	79
Bombay		–	–	Frankfurt	C	16	61	Madrid		–	–	Oslo	S	9	48	Valencia	S	19	66
Bordeaux	S	24	75	Geneva	S	21	70	Majorca	S	22	72	Paris	S	17	63	Vancouver †	S	6	43
Boulogne	S	16	61	Gibraltar	S	21	70	Malaga	S	22	72	Perth	S	25	77	Venice	S	17	63
Bristol	R	11	52	Glasgow	R	6	43	Malta	S	25	77	Prague	F	14	57	Vienna	F	16	61
Brussels	C	14	57	Guernsey	R	12	54	Manchester	C	12	54	Reykjavik	F	4	39	Warsaw	F	9	48
Budapest	F	17	63	Helsinki	Sn	-1	30	Melbourne	S	16	61	Rhodes	S	18	64	Washington †	C	17	63
Buenos Aires		–	–	Hong Kong	F	26	79	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	C	14	57
				Innsbruck	S	17	63	Miami †	S	23	73	Rome	S	18	64	Zurich	S	18	64

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder



Weekend FT

SECTION II | Weekend April 25/April 26 1992

The fall of the Soviet bloc has left the IMF and G7 to rule the world and create a new imperial age, says ***James Morgan***

Rip van Winkle's new world order

SHUT YOUR eyes and think: what would the world be like if the October Revolution of 1917 had never happened? Answer: it would be rather like it is today. If Rip van Winkle had gone to sleep in 1912 and woken 80 years later, he would understand a good deal without knowing anything of Lenin, Stalin, Hitler, communism, fascism, two world wars and the end of empire. Only Russia would be a dreadful disappointment: its present state might seem to mark a step or two backwards.

Reports of 100 years ago from Russia, and elsewhere, have a strange resonance now. There was a fearful famine; the *Illustrated London News* had a drawing of peasants tearing the thatch from their hovels to feed to starving cattle. From London, there were pictures of families evicted from their newly-acquired homes. The jokes in *Punch* were about the pretensions of the German Reich to a leading role in world affairs. In the *Berliner Tageblatt*, Eugen Wolf, an explorer and foreign correspondent, reported that "conditions in Africa leave much to be desired."

It is not just a question of arguing that we are now back in Victorian times and that the game of nations can resume normal play. The world has moved on; but it must be faced as a direct descendant, in great matters and in small, of that which existed 100 years ago and to which the past 75 have almost been irrelevant.

A distinguishing mark of this age is that a large number of "exploded myths" have suddenly become living reality. It is only five years since E.J. Hobsbawm wrote *The Age of Imperialism* characterising the period 1875-1914 as one that was gone forever and could be recaptured only as a bourgeois fantasy. Bourgeois fantasies are now concrete reality and it is the myths of Marxist historians that lie in ruins.

Quite unnoticed, imperialism is back in fashion. Nobody calls it that, except for those who believed it never went away and, therefore, fail to recognise its present character. It is in the know-how funds and systems for technology transfer operating in eastern Europe and, above all, in a vast framework under construction in the developing world, bringing in experts from Washington, Paris and Frankfurt to tell others how to run their affairs.

Englishmen draw up plans for privatisation in Prague. In India last October, the Frenchman who runs the International Monetary Fund, Michel Camdessus, went to New Delhi to nod approvingly at plans drawn up there for economic and social reform to the standard IMF template.

The construction of a new global system is orchestrated by the Group of Seven, the IMF, the World Bank and the General Agreement on Tariffs and Trade (Gatt). But it works through a system of indirect rule that has involved the integration of leaders of developing countries into the network of the new ruling class.

This weekend leaders of the developing countries will be listening attentively to the warnings from the G7 finance ministers and the IMF at their spring meetings in Washington. Yegor Gaidar, the Russian deputy prime minister, will be told to ensure the agreed programme is followed or there is no aid.

This week the IMF's half-yearly economic outlook singled out the developing countries in general, and the Latin Americans in particular, for praise: they had accepted IMF policies and followed them far more loyally than the richer members of the Fund.

It is not just a question of there being no "systems argument" any more, as Sir Ralf Dahrendorf, former head of the London School of Economics, puts it. There is just one class of people in charge.

In India last October, I found the men in charge enthusiastically ditching the post-colonial orthodoxies of autarky, independence and self-reliance and speaking the same language as the neo-liberals of Washington and London. At the Chilean embassy in Washington last April the finance minister, Alejandro Foxley, entertained journalists with a scathing attack on the policies of the industrialised world. But it was not about exploitation, or the need for more aid. It was about the need for free trade and the hypocrisy of the rich nations in demanding open markets in the Third World while closing their own.

The vehicle by which the free-market gospel has been transmitted has received scant attention in the rich countries but is omnipresent in the media of the poor – the Structural Adjustment Programme. It is like the Middle Ages when missionaries went out from western Europe to the eastern half and taught market gardening and architecture. But the real aim was to spread the word of God. The SAP is the word of God today.

The official line is that it is a natural product of the disinterested advice the IMF and World Bank have offered their clients over four decades. In fact, the SAP emerged from the two organisations when they had to find new ways of using their money. Both had come to the limits of their ability to resolve mere technical problems – how to supply electricity and highways, how to deal with a short-term balance of payments problem. Successes had been limited, anyway, partly because it was becoming harder to manage bits of economies without managing the lot. So, each developed the means of doing just that.

There was a nasty clash between them in 1988. But that battle has been resolved and they run large parts of the developing world and eastern Europe while insisting the governments concerned are merely implementing their own plans. "We are there to help," as the British used to say.

The essence of the SAP is to encourage governments to follow the right kind of reform policy. A developing country can receive large, cheap loans if it adopts the programmes embodied in the orthodoxy of (more or less) balanced budgets, devaluation, privatisation, and a hearty welcome for foreign investment.

The evolution of structural adjustment programmes has involved the total integration of the IMF and World Bank into the life of the target countries. They have become involved in welfare programmes to minimise the instability that could wreck the new order. A host of social instruments in these countries are organised by the new imperialists. It does not end there.

In recent years, the declarations of G7 summits and IMF-World Bank annual meetings have echoed a further, concern by the rich about the way the poor run their affairs. There is now, supposedly, to be strict control on arms exports to developing countries – an inevitable consequence, perhaps, of Saddam Hussein.

The industrialised nations have promoted what is known as a Global Environment Facility in the World Bank. Its purpose is to bribe developing countries into building non-polluting industrial projects: in other words, to prevent others doing what the industrial countries have done.

It was a nice coincidence that the world's trade ministers opened their present, perhaps doomed, global negotiations in Uruguay in 1986. The choice highlighted another return to pre-1914 orthodoxies. Uruguay was the classic prosperous, peripheral economy, the Switzerland of south America, a nation that grew rich on free access to the vast food market of Britain and could erect an exemplary welfare state on the profits.

The re-establishment of such prosperity is a primary aim of the Uruguay Round. It forgets entirely the old "borrow and industrialise" programmes that dominated development thinking for 40 years after 1945. Today, a nation should again be able to grow fat on raising cattle. Developing countries not only accept what would have been regarded as a subordinate role in the world economy two decades ago – they support the demand for a system where that subordination can be exercised.

Finally, of course, there is the now-regular insistence on human rights. It was built into the policy for recognising Croatia and will prove entirely meaningless.

There is a portmanteau phrase of the New Imperialism to cover all this – "good governance." It has unsettled Third World establishments but these, apart from one or two of the less savoury Islamic regimes, have no ideological resources to combat the pressure.

Calling this phenomenon the New Imperialism will be resented. But imperialism was not always a pejorative term. It described the integration – admittedly by force rather than choice – of the world economy. The British 100 years ago saw it as a civilising power. The Americans, too: President McKinley wrote in 1898: "The mission of the United States is one of benevolent assimilation, substituting the mild sway of justice and right for arbitrary rule." That is the policy the US and its allies say they are pursuing today. And it is more or less accepted at face value everywhere outside the last communist redoubts.

Now, this all is amazingly different from, say, 1970 but not very different from 1900. Twenty years ago I was living in Malaysia, writing for the *Far Eastern Economic Review*. If I even alluded to "human rights," I was treated as a colonial leftover promoting some cynical western ploy in the Cold War. The phrase "Westminster democracy" was a term of abuse. Today, leaders such as Daniel Arap Moi of Kenya suffer direct foreign interference, and lose aid money, when they articulate their opposition to Westminster democracy.

Within the old imperial lands, things are returning to the *status quo ante*. The First World War put an end to the horizontal relationships that existed among the upper echelons of society. The English ruling class was more familiar with its German counterpart than with its own countrymen in the slums of London. The retreat into the nation, and the consequent concern with domestic social policy that was caused by the conflicts of the 20th century, has ended. Inequality grows as the wealthier strata absorb ever-higher shares of a nation's income. Huge salaries for managing directors are justified, with a straight face, by reference to the "international market in senior executives."

In his book *The World of Work*, published in November, Professor Robert Reich concluded: "When we speak of the 'competitiveness' of Americans in general, we are talking only about how much the world is prepared to spend, on average, for services performed by Americans. Some Americans may command higher rewards; others far lower. No longer are Americans rising or falling together, as if in one large boat. We are, increasingly, in different, smaller boats."

This situation replicates that of the English *rentier* class before the First World War. The evolution of the domestic business cycle, the happiness or misery of the industrial working class, were matters of abstract concern to those who made their living from Chinese railway bonds or Russian government stock. They could travel Europe with a single currency and seldom require a passport.

It is a daunting to think that the cataclysmic events since 1913 are insignificant historically, but it is obvious that the Russian revolution will not play the role in history that is assigned to the French. The period 1914-1990 has already been called "the short century" and appears even now as an aberration.

Rip van Winkle might well be able to understand our world better than we do because he would be free of the baggage of the past 80 years. There would, however, be one misapprehension. At some moment, he would almost certainly remark: "But aren't you afraid of the socialists?"

■ *James Morgan is economics correspondent of the BBC World Service.*

CONTENTS

As Expo and Olympics grow, Jimmy Burns finds ways to avoid the strain in Spain .... Page VIII

The Long View/**Barry Riley**

Backwards to the future

STOCK MARKET theorists have their thinking caps on. After all, the UK is now firmly established within the European Monetary System, and many uncertainties have been removed by the decisive general election result. It is an opportunity to plan ahead.

So should British investors be making some fundamental adjustments to their strategy? They certainly need to consider the implications should European long-term interest rates remain for some years as high as they are now in real terms. In particular, must the relationship between equity and bond yields change? These questions, moreover, are not confined to the UK.

Equity-oriented British investors believe that even if bonds do well equities will do even better, so why bother with bonds? That conventional wisdom has again been confirmed recently: since just before the election the UK equity market has risen by 9 per cent while long-dated gilts have climbed by about 5 per cent.

However, the value relationship between gilts and equities is strained. With long gilts yielding some 9.1 per cent the crude yield gap between the two markets is now 4.4 per cent and the yield ratio is about 1.95. Already these numbers are at the lower edge of experience during the past 20 years. Equity salesmen argue hopefully that British shares are undervalued; but could we be about to emerge into an era of quite different relationships?

There must be some kind of message in the high returns available on index-linked gilts. At 4.5 per cent it is currently high enough to satisfy the normal rate of return requirements of pension funds. Why buy equities on a dividend yield of only 4.7 per cent? You cannot reasonably expect to get a total return of more than about 6 per cent real on equities in the long run.

A fascinating paper by Sushil Wadhwani of Goldman Sachs starts by posing the challenge of high real interest rates – a global rather than simply a British or European phenomenon – and asks whether stock markets internationally will have to fall sharply in order that the prospective real returns on equities can be jacked up. In Japan the answer has clearly been "yes" and plenty of people are worried about the prospects for Wall Street on a dividend yield of under 3 per cent (though European valuations are generally less extreme). Internationally, real interest rates are 2 or 3 percentage points higher than the long-run 20th century average and if equity markets are forced to adjust there might be a 40 per cent tumble in share prices.

In the event, Wadwhani uses elaborate arguments to come to the conclusion that this is very unlikely to happen; and it is more probable that share prices will in fact go modestly higher. He argues that in practice investors respond to nominal rather than real yields. Only if investors should wake up to real yields would there be serious trouble, he says. But here's a nasty thought: if inflation drops to zero, the real and nominal returns become the same, something which the dimmest investor could not overlook.

Meantime Mark Cliffe and Chris Dillow of Nomura's London office have taken a closer look at the British situation. They point out that the yield gap quite quickly opened up 25 years ago from about nil to 4 or 5 per cent (just about what it is now) because sterling had become a weak currency, starting with the 1967 devaluation and continuing with the floating regime from 1971 onwards. In these conditions profits and dividends grew more strongly than before, making a wide yield gap logical.

Now, however, we are effectively back in a fixed exchange rate framework; note that sterling in the past few days has been hoisted securely into the centre of the EMS grid. Profits could come under long-term pressure. In any case, one might add, British companies have been overdistributing; dividend growth has already slowed to 3 per cent over the past year, down from 18 per cent two years ago, and prospects are not good for at least the next year or two. We have already seen what has happened to investment property, where rentals have gone ex-growth and consequently prime commercial property now yields as much as gilts. What would happen if the yield gap closed and the equity yield had to match a gilt return of, say, 8 per cent (the rate on German *bunds*)? Why, British share prices would need to tumble by 40 per cent.

If this analysis is right, British investors are making a serious mistake. They are looking backwards and are holding 1980s portfolios in the 1990s. With the All-Share Index this week poised to break through its all-time high of last September the fund managers whose portfolios are stuffed with equities scarcely seem to have a care in the world (although the seasonally aware will note that May, when shares traditionally reach their sell-by date, is getting rather close).

Now, it is easy to pick holes in this kind of speculative modelling. We have no reason to believe, for example, that profits in the UK will be constrained in the 1990s as seriously as they were in the 1960s: unemployment is much higher, the unions much weaker and in the absence of exchange controls the return on capital cannot diverge greatly from international levels.

My own view is that falls in interest rates and inflation may be enough to keep the UK stock market relatively firm for the time being. Wall Street will also get political support from a friendly Fed ahead of the November election. But 1993 could be very different, as cyclical factors turn unfavourable for the securities markets.

A 40 per cent fall in share prices seems an extreme view. Yet if governments are determined to pump out bonds in vast quantities at real interest rates of 4 or 5 per cent, stock markets are bound to have a very tough time.

London Markets

Thrills, spills and an end to recession

By Peter Martin, Financial Editor

Hello, good morning and welcome to Stockmarketland, the fun-for-the-*whole-family attraction* that packs all the thrills and spills of the financial markets into a single eventful day!

You start your tour at breakfast time on Thursday April 24. For the next eight hours you will:

■ Gasp at the appetite of TI's Christopher Lewinton, as he tries to gobble up an £800m company at a single sitting . . .

■ *Thrill with fear at the German* money supply figures . . .

■ Shudder as the tightrope-walking pharmaceutical stocks wobble on the high wire . . .

■ Cheer as plucky little sterling scrambles fearlessly up the ERM rankings . . .

■ Melt as romantic couple ICI and Du Pont find they have plastics in common; and Lloyds Bank decides whether to press its stormy, Heathcliff-style advances on Midland.

Take your places now!

* * *

In one day, indeed, the markets *managed to pack in more* excitement than most investors experienced in the whole of 1991. The events were not merely interesting in themselves, they also reflected some of the market's trends for the next few months. One such theme is the end of the UK recession, which showed up in two studies reported in Thursday's papers.

A survey by the British *Chambers of Commerce* showed that the services sector resumed growth in the first quarter for the first time since the recession started in mid-1990. And an IMF report said that Britain is about to move into recovery, with gdp growth between the fourth quarter of 1991 and that of 1992 forecast at 2.1 per cent.

Corporate financiers are doubtless hurrying to get takeover bids under way before the end of the recession pushes potential targets out of reach. One such deal came through on Thursday, as TI Group, the tubes and engineering company, offered paper worth £482m for Dowty Group, the aerospace components manufacturer.

If successful, the deal would nearly double TI's turnover overnight, *though planned dis*posals would then reduce the combined company to a size *roughly half as big again as* the present group. Dowty has rejected the bid, but its weak performance in recent years hampers its defence tactics.

The offer was thought to be a relatively generous one by the market, intended perhaps to scare off any other potential bidders. At the moment it was made, the offer represented a price of 191p for every Dowty share, with a fully-underwritten cash alternative of 175p a share. At Wednesday's close, with rumours of the bid already in the market, Dowty was priced at 145p (up from 136p at the end of the previous week's trading), and TI Group at 716p. By the end of the week, TI had dropped to 669p, its bid was worth 178.4p, and Dowty was at 177p.

Smiths Industries, another *aerospace components manu*facturer which had also been seen as a potential bidder, weakened after the TI bid, with the market wondering if Dowty would turn to it as a potential white knight. Smiths recovered by Friday, however, and closed at 310p, up 1p on the week.

Another recession-induced deal was announced on Thursday: ICI swapped its fibres division for Du Pont's acrylics business and a chunk of cash. ICI's fibres operation has been a problem area for years, but the group had hoped to turn it around with swingeing cost cuts. The recession put paid to *those hopes, and they have* gone to an owner with the necessary worldwide market posi*tion in this product area*. The market responded favourably to the news: ICI closed the week at 1364, *up* 19p.

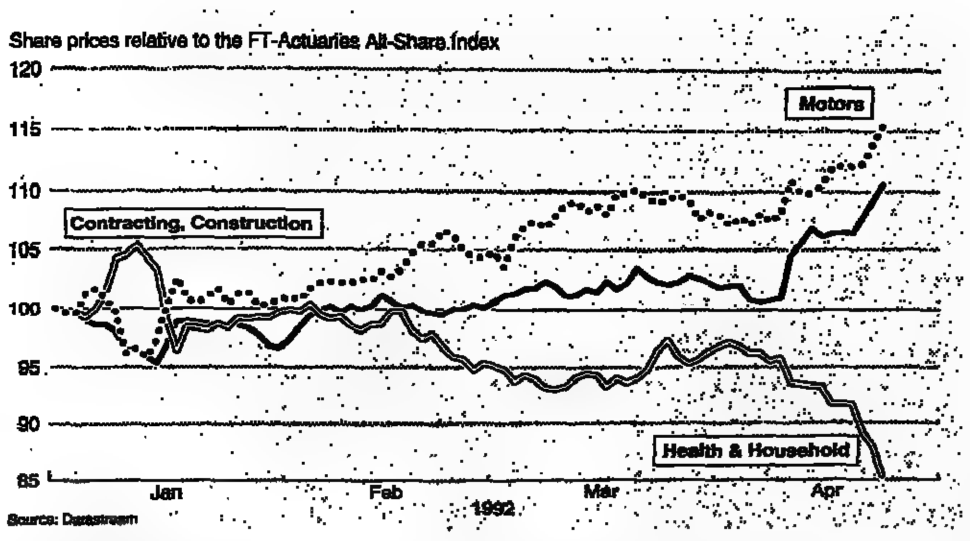
The perception of an end to the recession – only slightly dented by *poor* trading comments from Abbey National and Legal and General – has led investors to think seriously about which sectors will benefit most from recovery. As the chart shows, the health and household sector of the FT-Actuaries All-Share index, dominated by the big drugs companies, has at last shed its role of market favourite. Sectors that might do better (or at least stop doing worse) if the economy picks up have performed notably more strongly in recent weeks – the chart shows examples such as Motors and Construction.

Analysts at S.G. Warburg Securities argued on Friday that the market was in danger of predicting the wrong sort of economic recovery, by bidding up capital spending stocks rather than those oriented to *an upturn in consumer spend*ing. An analysis of sector attractiveness from UBS Phillips & Drew reached a rather different conclusion: with economic growth likely to continue sluggish, it argued, the big boost to profits would come in those heavy manufacturing businesses which would benefit most from the cost cuts of the past year.

The market's views on the speed of the recovery were influenced by two offsetting factors this week. One was the strength of sterling, which on Wednesday climbed decisively off the bottom of the ERM rankings. On the face of it, this left scope for a relatively speedy cut in base-rates, if the *government wished*.

This sentiment was badly affected, however, by Thurs*day's revelation of unexpect*edly rapid growth in the German money supply. M3, the broader *measure of money*, rose by 9.7 per cent in March, nearly double the Bundesbank's target for the year. This reinforced the view that a decisive downwards move in UK interest rates – inevitably dependent on a similar move in Germany – was likely to be delayed. Torn between these two views, the stock market bounced briskly around on heavy volume, closing on Friday at 2643.0, up 2.8 points on the week.

Share prices relative to the FT-Actuaries All-Share index



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2643.0	+4.4	2643.0	2382.7	End of account buying
APV	128	+13	127	95	Bid speculation
Airtours	303	+16	303	203¼	Firm holiday bookings
Central ITV	1375	+60	1375	1050	Strong results
Dowty	177	+41	178	102	Bid from TI
Glaxo	721	-67	943	708	US switching from defensive stocks
Lloyds Bank	424	+31	427½	346	Positive prospects & bid possibilities
MEPC	351	+51	411	252	Properties rally on recovery hopes
Midland Bank	375	+13	378	204	HSBC bid
Rank Org	726	-32	772	587	Brokers downgrades
Scottish Power	104½	+7	109	72	Heavy turnover ahead of 2nd payment
Siebe	698	+34	701	511	Switching out of TI
SmKl. Beecham A	827	-45	977½	793	US switching from defensive stocks
TI Group	669	-74	744	521	Bid for Dowty
Wellcome	1032	-91	1174	942	Aids drug competition fears

Serious Money

Paying the price of mortgage certainty

By Philip Coggan, Personal Finance Editor

SHOULD homeowners fix their mortgage rates? The building societies are falling over themselves to offer fixed rate deals at the moment, and those who suffered from the high rates of the late 1980s may be tempted.

But as a hardened cynic, my suspicion is that the time when fixed rate deals are widely available is the very time when borrowers should ignore them.

Obviously, all depends on the future direction of interest rates. And while there may only be limited scope for rates to fall very far this year – the *UK is at the mercy of the* Bundesbank's determination to squeeze inflation out of the German economy – there is the chance of significant falls over the next couple of years.

What sort of fixed rates are on offer? Alliance & Leicester is offering 9.99 per cent, fixed for two years; Bristol & West will lend at 10.5 per cent for two years, or 10.75 per cent for five; Cheshire will fix the rate at 9.39 per cent for six months, followed by 10.39 per cent till end 1997; the Chelsea is offering 10.25 per cent till September 1995; Cheltenham & Gloucester will lend at 9.9 per cent for two years; *N & P is* offering 10.75-10.85 per cent till 1995 or 1997; Nottingham Build*ing Society is offering* 9.1 per cent fixed till August 1, 1993; TSB will lend at 10.15 per cent *for three years, or 10.25 per* cent for five.

In all cases, readers should *check carefully for arrange*ment fees, compulsory buildings insurance, and restrictions on the type of mortgage which applies (some rates are only available on endowment or pension mortgages).

Given that mortgage rates have been as high as 15.4 per cent within painful recent memory, all those rates may seem highly attractive. They also look good when one considers that the average interest rate on three month money has been 12.25 per cent since Margaret Thatcher came to power in 1979.

But *things may have* changed for good following the UK's entry into the Exchange Rate Mechanism of the European Monetary System. If the ERM discipline works, then the UK should face a period of low growth, low inflation and low interest rates.

The key is what level of real rates (interest rates minus inflation) investors are prepared to accept. After a period of negative *real* rates in 1979-80, real rates have settled into a band between 4 and 8 per *cent for much* of the Conservatives' period in office. For the moment, with interest rates at 10.5 and retail price index inflation at 4 per cent, the real rate is 6.5 per cent.

Now, of course, one can argue about the best index for measuring inflation. If one excludes mortgage payments, the inflation rate is a rather higher 5.7 per cent, reducing the real interest rate to 4.8 per cent. That is still a pretty decent return.

High real rates, in essence, represent *the level of* investor fears of the prospects of future inflation. If investors expect *inflation to come under con*trol, at least in the medium term, then one would logically *expect interest rates to fall*.

Real rates might not *fall dramatically*. Simon Briscoe, analyst at Greenwell Montagu, believes that financial deregulation and the greater sophistication of consumers means a greater propensity to borrow. A price has to be paid for this, he argues, and that price is strongly positive real yields.

Nevertheless, if real rates only fall to the bottom of the recent range (ie 4 per cent), then interest rates could easily drop to 8 per cent on current inflation levels. That indeed is the prediction of Greenwell *Montagu for the end of 1993* (although the broker's inflation forecast for that period is 3.5 *per cent*, implying a real rate of 4.5 per cent).

Some encouragement for borrowers may also be found in the gilts market. Traditionally, the yield on gilts has been higher than on short term deposits, to compensate investors for the risk of making a long term investment. This is known as a positive-sloping yield curve.

S*ince around 1984*, however, short-term interest rates have been higher than yields on long gilts, creating what in the jargon is known as an "inverted" yield curve.

In part this may have been caused by the government's healthy financial position in the late 1980s, which allowed it to repay many gilt issues. By creating a shortage of long gilts, this may have pushed gilt prices up (and yields down).

Now, however, the government is back in financial deficit and is set to sell around £2bn of gilts a month. Gilt *yields, however, are only* at 9-9.5 per cent, well below base rates.

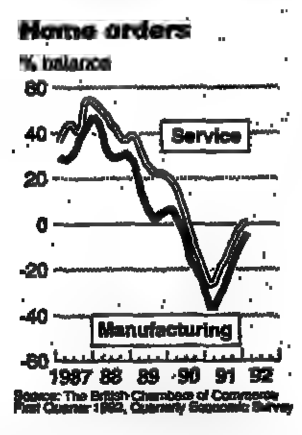
If the historical tradition repeats itself, and the yield curve becomes positive, or *even merely flat, then there is* scope for short term interest rates to fall to 9 per cent.

Even with the margin over base rates set by building societies, that means that mortgage rates could easily fall to 9.75-10 per cent. And if Greenwell Montagu is correct, then mortgage rates could be 8.75-9 per cent by the end of next year.

Of course, such optimistic predictions about inflation and interest rates may be wrong, and borrowers may well be attracted by the certainty that fixed rates provide. But they should be aware that such certainty may have its price.

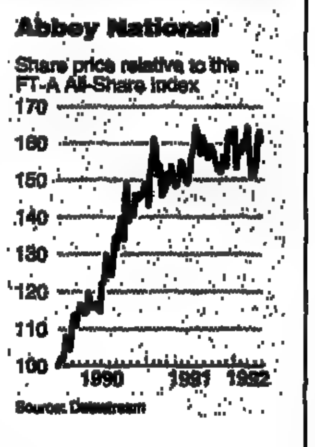
AT A GLANCE

Home orders



Source: The British Chambers of Commerce First Quarter 1992, Quarterly Economic Survey

Abbey National



Source: Datastream

Mixed signals

This week produced contradictory indicators on the state of the *economy and the housing market. Home orders picked up, and* a British Chambers of Commerce survey showed substantially increased optimism.

But Abbey National's share price endured a turbulent week. The stock had boomed after the election as worries about the housing market eased, but they were revived when Sir Christopher Tugendhat, the company's chairman, told *Wednesday's annual general meeting that*: "Arrears and repossessions are at a higher level than expected and this in turn will mean a higher level of provisioning."

However, the 1,400 shareholders present, many of whom were also savers, did hear some good news. Sir Christopher also announced that the company's annual mailing will include "a special insert giving the rates for all our investment accounts, both *current* and unavailable. *The leaflet directs customer's* attention to those which are no longer available".

So, anybody receiving a letter from the Abbey in the next few weeks would be well advised to read it – it might save them from continuing to leave money in a moribund account on a low rate of interest.

NS certificates mature

The 33rd issue of National Savings certificates will start to mature from May 1. Investors should check carefully to see when their own certificates mature: after five years, the certificates earn only the general extension rate of 5.01 per cent. Matured certificates can be reinvested in the current fixed interest and index-linked issues.

GA insurance offer

General Accident is now offering a direct sales service for both buildings and home contents insurance. The contents policy comes in three versions (the basic property plan with plus and deluxe versions) and two kinds of building cover (standard and deluxe). Quotes can be obtained by calling 0800-121000.

Unit trust launch

Foster & Braithwaite is launching a new unit trust, called the High Income Investment Trust fund. It will invest in the income shares of split capital trusts and will aim for a yield double that of the FT-A Investment Trust Index (currently about 3.7 per cent). The minimum investment is £1,000 with a 5.5 per cent initial charge and an 1.25 per cent annual charge.

Fillip for small companies

Small company shares have benefited from the general stock market euphoria since the re-election of the Conservative government. The Hoare Govett Small Companies Index (capital gains version) rose from 1119.96 on April 9 to 1206.61 on April 16, and 1219.13 by April 23, an 8.9 per cent increase since polling day. The County Smaller Companies Index rose from 889.31 to 950.51 and 961.61 over the same periods, an overall increase of 8.1 per cent.

Correction

The *Weekend FT* front page article on the *Daily Telegraph* on February 20 said that Mr Conrad Black bought control of the group for £30m. We should make it clear that after Mr Black bought a 14 per cent stake for £10m *in* May 1985, as the article explained, he later acquired control via diluting rights issues.

Wall Street

The stock pot threatens to boil over

A*S THE* first quarterly reporting cycle draws to a *close, Wall Street* was left wondering whether the recent stock market rally *may have been overcooked*.

The ingredients required for a sustained bull market are still there. Low domestic interest rates, uncompetitive yields on alternative forms of investment, unthreatening inflation, a recovering economy, improved corporate earnings and continued large net inflows of investor cash all bode well for stocks.

It is not the ingredients, however, that may be at fault. Rather, investors may have turned the heat up too high under the equity pot.

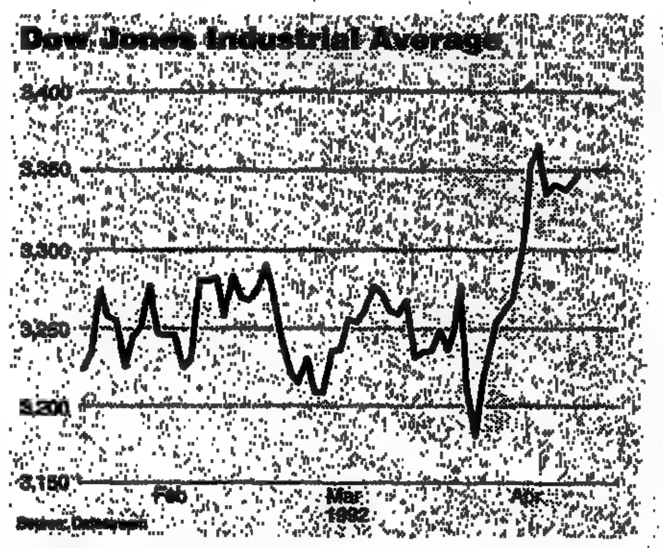
This, at least, appears to be the conclusion of two influen*tial Wall Street market strate*gists – Byron Wein of Morgan Stanley and Michael Sherman *of Shearson Lehman Brothers* – who this week announced changes in their asset allocation recommendations.

Both reduced by 5 percentage points the proportion of an investor's portfolio they recommend should be held in stocks. Wein now thinks all-*equity portfolios should* be 80 per cent in stocks, and not 85 per cent, and 20 per cent in *cash. The Morgan Stanley* strategist justified his shift on the grounds that he believes the recovery in the economy and in corporate earnings will not be strong enough to warrant stocks at current prices.

Shearson's Sherman now suggests that a balanced portfolio should have 55 per cent in stocks, 40 per cent in bonds and 5 per cent in cash.

Admittedly, Sherman said the changes reflected a "neutral" view of market prospects over the next six to nine months, rather than a wholly negative view. He also said the revision was based on an *expectation that short-term* interest rates could soon rise, which would undermine the attractiveness of equities relative to other short-term assets. His message: over the near term the market has potential for as much movement on the downside as on the upside.

Dow Jones Industrial Average



Source: Datastream

While much has been said *and written about fundamen*tal market valuations – stocks look pricey judged by trailing earnings, but affordable so long as future earnings prove as strong as forecast – attention has switched to technical indicators, some of which suggest equities are overvalued.

*The number of stocks reach*ing 52-week highs has been steadily declining, an indication *of overheating, say* analysts. Another bad sign is that the ratio of stocks that rise each day to those that fall appears to have peaked.

Then there is the issue of why the broader market indices – the Standard & Poor's 500 and the Nasdaq composite index – *have been lagging* the record-setting Dow Jones Industrial Average. The Dow *is trading within a hair's* breadth of its all-time high, primarily because investors have been so keen on big capitalisation cyclical stocks, while the S&P 500 and the Nasdaq composite languish some way below their records.

Analysts would like to see the broader indices catch up with the Dow before calling the recent gains a deep and sustainable market rally.

Even more worrying is the rise in long-term bond yields, which this week clambered back above 8 per cent as the Treasury market expressed its concern about inflation, the ever-growing budget deficit and supply pressure from the quarterly refunding round. *With yields that high, and* stock prices wobbling at historically expensive levels, yield-hungry investors could be lured from equities.

Certain sectors have had good runs, none more so than the long-beleaguered banks, which hogged the limelight in a week that saw the completion of the biggest bank merger in US history – the *marriage* of BankAmerica and Security Pacific.

Financial sector analysts are increasingly positive about the outlook for bank earnings. Some argue *that an end to the* long crisis in the industry may be near. Judging by the latest quarterly results, that optimism may not be misplaced. This week Chase Manhattan led the way with a 20 per cent improvement in net income to $141m, followed by Citicorp, which posted doubled profits of $183m, way ahead of market expectations. Equally stellar performances came from Wells Fargo, BancOne, Bankers Trust and Chemical Banking.

Patrick Harverson

Monday	3336.31	− 30.19
Tuesday	3343.25	+ 6.94
Wednesday	3338.77	− 4.48
Thursday	3348.61	+ 9.84

The Bottom Line

ITV companies play musical boardrooms

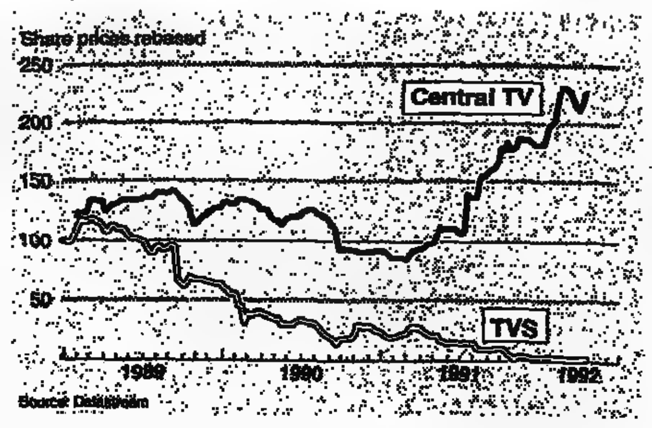
T*HE TIME to buy ITV* shares was, emphatically, a year ago this month. The bids for the "blind crap shoot" – or competitive tenders for new Channel 3 licences, as it was known more properly – were about to go in. The uncertainty was great. No ITV company, however grand, could be judged a guaranteed winner and share prices were being held down.

The thing to do then was to put together a basket of ITV companies, picking your way around those displaying hazard signs. Forecasting genius was not needed to see that Thames Television was likely to face a potentially lethal threat from Carlton Communications; or that both TV-am and TVS Entertainment probably would have had to bet the shop to survive and would, therefore, not have been very attractive investments.

Ironically, TV-am decided not to bet the shop and lost, while TVS did and still lost. But a basket of the others – chosen in the near-certainty that the Independent Television Commission was unlikely to kick out the majority of existing contractors, and even more unlikely to get rid of more than two of the big five programme producers – clearly would have produced dramatic results.

Leaks that both Central and Scottish *had bid dramatically*-low sums – confirmed later as £2,000 a year apiece – put springs under *the share price*. Those who took notice were able to buy Central at around 625p *in mid-July, a stock that* is now trading at more than £13.

*But what now? Is there any*thing left? No, in the sense of dramatic killings of the sort *achieved by risk-takers last* year. Too much is known now about the ITV companies. *Clearly, Central and Scottish* are going to have a considerable future, but that is reflected in the share price. There are "bargains" such as Yorkshire and Tyne Tees but, again, the price merely *reflects* the difficulties both will face living with the high bids they *felt they had to make*.



Source: Datastream

There is, however, another raft of ITV companies which made lowish *bids – such as* LWT's £7.58m – but which also took early action to cut costs. *It was no coincidence* earlier this month that LWT, despite the ferocity of the recession, was able to announce a 21 per cent increase in pre-tax profit.

Despite the continued uncertainty, and the threat of increasing competition in a *multi-channel future*, there are unmistakable signs that ITV companies can make at least *another round of significant* savings without harming quality. The latest evidence for this emerged yesterday as Central announced that Andy Allan, its managing director of broadcasting, was joining the board of Carlton Television and that Carlton's chief executive, Nigel Warmsley, was joining the Central board. Carlton has a 20 per cent stake in Central. Central, in turn, has a 20 per cent stake and the right to two directors on the board of Meridian, which won the south of England franchise.

The daisy chain stretches even further. LWT, Scottish and Carlton are *also* common shareholders in what was Sunrise and is now Good Morning, the breakfast franchise. Advertising will have to be sold competitively, but the links will make it much easier to establish common cause and common savings in sharing non-contentious services such as computers, outside broadcasting facilities, artists' contracts and perhaps even studios.

Although the gold rush days are over for ITV, Mark Beilby, *media* analyst at Warburg Securities, believes that – excluding the ITV companies which are *part of larger groups* – those who invest in companies such as Central, LWT, Scottish or Anglia will *not* be dissatisfied in the longer term.

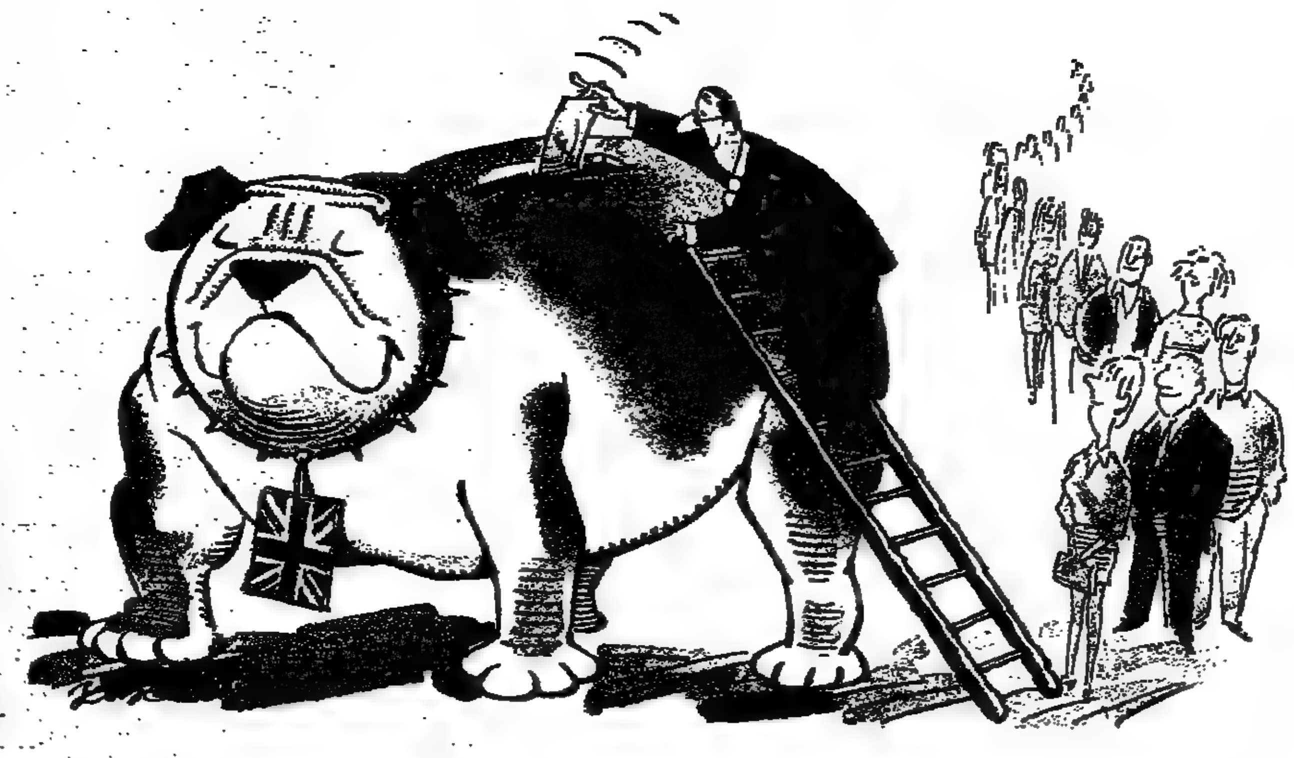
For the romantics there is always TVS, which ceases to be a broadcaster at the end of this year. Its share price has just doubled to *7p*. Apart from programme libraries in the US and the UK, the company's main asset is the determination of chairman Rudolph Agnew – the stubborn Irishman who once chaired Consolidated Gold Fields – to bring it back from the dead. Agnew is fired by what he sees as the lack of natural justice dispensed by the ITC. And that might make him worth a small each-way bet.

Ray Snoddy

FINANCE AND THE FAMILY

Get in gear for growth if you believe in recovery

Philip Coggan on fund managers' strategies for UK equities



A UK growth unit trust sounds almost the ideal vehicle for the small investor who believes that equities will enjoy long-term benefits from the re-election of the Conservative government. But recent trends have not been encouraging.

The average trust in the sector has risen by a dismal 8.6 per cent over the past five years, even after the re-investment of income. Even over 10 years, the average growth fund has been outperformed by the average equity income fund.

There is an argument, however, that these trends will not continue in the 1990s. If membership of the European Monetary System's exchange rate mechanism creates a low-growth, low-inflation environment, then interest rates will fall. Returns on equities may not be great in nominal terms, but they will look good in real terms and compare well with the rates available from building societies.

Within the equity market, dividends now form quite a high proportion of corporate earnings, reducing the scope for many companies to increase payouts substantially. The search will be on for companies which can produce better-than-average profit growth; that ought to be the province of UK growth fund managers.

There are more than 150 unit trusts competing for investors' funds in the UK growth sector, with some £7.3bn under management at the start of April. They range in size from Arkwright Recovery, with under £1m, to M&G's massive Recovery fund which, at £750m-plus, is more than 10 per cent of the sector.

Over seven and 10 years, M&G Recovery's record still looks good (10th out of 65 and ninth out of 45 respectively), but it has produced a below-average performance over the past three years.

The same can be said for the Fidelity Special Situations fund, which is second in the sector over 10 years. It is 106th (out of 124) over three years, with an 18.8 per cent loss.

Anthony Bolton, who has run the fund since launch, says he has had a difficult time over the past couple of years, and admits he has made some mistakes as the recession has badly hit the balance sheets of some of the companies in which he has invested.

Bolton says, however, that the early stages of recession are always likely to hit his strategy. He tends to look for unfashionable stocks, and is prepared to buy slightly more risky shares, and to be more aggressive, than the average unit trust manager.

The Capability Special Situations fund, which has been the best performer in the sector over 10 years, has also been remarkably consistent. It is fourth in the sector over one year and ninth over the past five years. And Kenneth Levy – who manages the fund – is also in charge of Capability Growth, the fifth-best performer in the sector since April 1982.

Levy says that part of his secret is to look closely at price movements in the key stocks that make up a large proportion of the fund. "If they look good on fundamentals but their price keeps falling, then we ruthlessly cut them," he says.

"It's arrogant to think that you know more than the market place."

Despite this approach, Levy says the special situations fund trades stocks less than the average unit trust. Of the two funds in the table, Levy explains that the growth fund tends to stick to the large capitalisation stocks, while the special situations has greater flexibility.

He has moved recently more towards medium-sized and smaller stocks (although not very small companies; he feels many of these still have problems).

Over a shorter time scale, one fund which has seen remarkable success is Pembroke, which is managed by the John Carrington group. Second over three years, it is top of the sector over both one and five years.

Nigel Thomas, who co-manages the fund, says he looks for growth stocks which can produce above-average earnings increases. He believes this strategy will continue to be successful during the recovery.

Joe Mottley, who manages the AIB Grofund equity trust (top over three years) with Eileen Fitzpatrick, attributes the success to running a concentrated portfolio of only 35 or so stocks. A similar strategy is cited by Duncan Trinder, who manages the British growth fund for Gartmore (third over three years).

He has focused on only 25 or so large stocks, which has enabled him to research them thoroughly and gives him sufficient liquidity to meet redemptions.

Picking a fund manager is, of course, a hazardous business. Only a small number ever produce returns which beat the index. One answer to this conundrum, therefore, is to select a fund which attempts to track the performance of the index.

Gartmore has been running such a fund since 1989, and this week announced that it was abolishing the initial charge. There will still be a bid-offer spread (of around 1.9 per cent); but with an annual charge of only 0.5 per cent, this will represent one of the lowest-charging funds on the market.

The fund, which was launched in 1989, has so far tracked the FT All-Share index within 0.15 per cent in 36 out of 38 months (in the other two months, the errors were 0.2 and 0.3 per cent). Gartmore UK Index is classed as a UK General fund by Finstat, and its 15.9 per cent growth over three years places it 12th out of 85 funds in the sector.

The minimum investment in the Gartmore Index fund is £5,000; for those with less to invest, Providence Capitol is launching a UK All-Share Mirror trust with a minimum of just £500.

This fund will also try to track the All-Share and will have an initial charge of 5.5 per cent and an annual management fee of 0.75 per cent. Those who invest on April 29 will get a discount of 5 per cent on that day only.

Murray Johnstone's UK growth fund, while not indexed, has only a 1 per cent initial charge. The fund is 31st out of 124 in the sector over three years, with a rise of 9.7 per cent.

Anyone who wants to back any of these funds should be aware of the risks. It is no good expecting to double your money in six months; indeed, you should be prepared to take the risk that the market will fall 10 or 20 per cent in the short term.

Investment is likely to bear fruit only over a five-year term; and, as the period since 1987 has shown, even five years may not be long enough to bring an investor healthy profits.

Best UK growth trusts over 5 years

	% growth
AIB Grofund Eq	32.7
Pembroke	32.2
Gartmore British	27.7
Stand Life UK Eq	27.4
Aegis Technical	24.2

Source: Finstat. Offer-to-bid, with income reinvested over 5 years to April 1.

Best UK growth trusts over 10 years

	% growth
Capab'ty Spec Sits	687.3
Fidelity Spec Sits	551.1
Arkwright Growth	522.6
Prolific Spec Sits	450.9
Capability Growth	448.6

Source: Finstat. Offer-to-bid with income reinvested.

CORRECTION

LAST week's piece "The O'Higgins road to riches" incorrectly said that Asda had passed its final dividend. In fact it maintained its final payout and cut its interim dividend.

Directors' Transactions

LAST week, we highlighted a large sale in Polypipe, citing it as one of the few building material companies to have prospered in the recession. Ironically, this week features a large sale in Spring Ram, the bathroom and kitchen specialist, which has proved itself adept at bucking the trend in that sector.

Last June, William Rooney, the chairman and co-founder, sold 22m shares at 105p. Since then, the share price has continued to rise, and Ronald Farr sold 1m shares at 162p.

In terms of timing, it would be difficult to improve upon the sales of Donald Lewin. As chairman of Clinton Cards, a greeting card retailer, he sold a total of 500,000 shares in May last year at prices between 297p and 300p. In retrospect this marked the very peak for the shares, which have since fallen sharply. The company slipped into the red in the year ended January 1992.

Three other directors, including the managing director, have now bought a total of 60,000 shares at 60p, 80 per cent lower than the level at which their chairman sold.

For those who follow directors' dealings, Astec (BSR) has proved a rewarding investment. Directors were buying at 10p in December, and accumulated more stock in January at around the 12-13p mark. The latest purchases were at 17p.

Angus MacDonald,
Directus Ltd

Key to sectors: BdMa = Building Materials; Brew = Brewers & Distillers; BuSe = Business Services; C&C = Contracting & Construction; Cong = Conglomerates; Elns = Electronics; EngG = Engineering General; Hlth = Health & Household.

H&L = Hotels & Leisure; InsB = Insurance Brokers; InsC = Insurance Composite; InTr = Investment Trusts; Med = Media; Misc = Miscellaneous; O&G = Oil & Gas; OthI = Other Industrial Materials; Pack = Packaging; Prop = Property; Stor = Stores; Text = Textiles.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Black (Peter) Hldgs	Misc	10,000	13	1
Bodycote Intl	Cong	7,000	29	1
Boxmore Intl	Pack	200,000	576	1
First Leisure	H&L	150,000	423	1
Granada Group	H&L	41,467	105	1
Lowe (RH)	Text	100,000	10	1
Reckitt & Coleman	Hlth	2,000	14	1
Sherwood Group	Text	3,500	27	1
Smith (WH) A	Stor	103,842	492	1*
Spring Ram	BdMa	1,000,000	1,620	1
Tribune Inv Trust	InTr	13,000	30	1
TT Group	EngG	200,000	397	1
United Newspapers	Med	30,000	120	1*
Watts Blake	Othl	4,100	16	1
Wv'hampton & Dudley	Brew	10,900	64	1
PURCHASES				
Astec (BSR)	Elns	450,000	77	2
Atlas Cnvting Equip	EngG	24,000	124	4
Automated Sec. Pref	BuSe	250,190	111	1
Bailey (CH) B	EngG	94,500	19	1
Brabant Resources	O&G	104,750	27	2
Clayform Property	Prop	177,500	33	1
Clinton Cards	Stor	60,000	36	3
Gardiner Group	BuSe	250,000	53	2
General Accident	InsC	10,761	43	2
Heath (CE)	InsB	12,740	44	3
Holders Technology	Misc	50,000	36	1
Next	Stor	14,200	10	1
Property Sec Trust	Prop	15,000	14	1
Taylor Woodrow	C&C	10,000	13	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 13 - 16 April 1992.

Source: Directus Ltd, Edinburgh

Life offices prune bonus pay-outs

***John Authers** examines the reasons why policyholders are feeling the pinch on their endowments*

LOOK AT your bonus statements this year and you might not feel as well endowed as you were. Life offices have completed their bonus announcements for 1991 and two surveys – by *Money Management* magazine; and actuary Clay & Partners, in *association* with *Money Marketing* – show a downward trend in returns.

No life company likes cutting bonuses; ultimately, the worth of the entire product depends on the investment pay-out. But the actuaries who control the pay-outs from endowment and pension contracts were confronted with a dilemma.

Bonuses were maintained at high levels in 1990 – even though the UK stock market *fell that year – in hope of* recovery. Shares did rise, but not nearly as much as expected. Meanwhile, the new economic discipline of the exchange rate mechanism has forced actuaries to downgrade their forecasts for future *returns. That*, for many, meant bonus cuts.

This trend has been most marked on *10-year policies.* These are not buoyed by the strong returns equities enjoyed in the late 1970s. Over 25 years – the term needed to back a mortgage – the trend is more muted. Norwich Union was the first office to declare and shocked observers by slashing bonuses 9 per cent. But this proved to be out of line. While these cuts remain the steepest made by any office, they have been attributed by actuaries to the high share of property and general insurance in NU's funds. Some companies, such as Commercial Union, General Accident and Scottish Life, even managed significant increases. All have risen up the 25-year league table.

Everyone agrees that the final payout is the most important factor, as it determines *how well your endowment will* perform as an investment. But, as ever with life assurance, other important indicators lurk within the mass of actuarial data.

With-profits contracts use two forms of bonus: reversionary, which are paid *annually* and are irrevocable once announced; and terminal, which are paid only when the contract has been completed. The terminal bonus is vulnerable to a bad year on the markets so more-conservative companies, which pay out most of their funds through reversionary bonuses, have appeal for people averse to risks.

But high reversionary bonuses are funded by putting money into low-risk deposits, so fund managers must sacrifice their investment freedom to pay them. This helps to explain why Standard Life, with a traditionally high terminal bonus rate, has done very well in recent years – it has topped *Money Management*'s 25-year survey since 1986. This also makes Commercial Union's jump into second place, only marginally behind Standard Life, look particularly impressive. If a monthly premium of £50 had been assumed, CU would even have overtaken Standard, according to *Money Management*. Meanwhile, when terminal bonuses are excluded, CU comes first in all the four time spans surveyed by *Money Marketing*.

Another actuarial calculation derives a surrender value – the life assurance term for the amount you will receive if you stop paying the premiums early and ask for a cash sum. The costs of running the policy – including intermediaries' commission and administration charges – are loaded at the beginning of the term, so the value you will receive in the first five years of a 25-year policy is awful. But what about surrender values after 24 years?

Last year's *Money Marketing* survey showed that these returns barely deserved to be called "with-profits" at all. Several companies offered only 40 per cent of what investors *could get by hanging on for* another year. This year, 19 of the 32 companies surveyed increased 24-year pay-outs. But the table, which shows 24-year values as a percentage of maturity values, still includes some figures that are hard to justify. CU's presence in the bottom five shows that conservative reversionary bonuses do not necessarily improve values *if* you surrender early.

What of underlying investment performance? Past performance is never a guide to future prospects, as most readers will know, and the past year has seen a shake-up of the usual top payers. Last year, *Money Management* identified a "Magnificent Seven" offices based on the consistency of their performances. Standard Life, Friends Provident, Scottish Amicable and Scottish Widows are still in the 25-year top 10 but Tunbridge Wells, Norwich Union and Clerical Medical are not.

On Clay & Partners' survey, four companies have been in the top 10 over all time periods this year and last. They are Friends Provident, Standard Life, Scottish Amicable and Royal London. Make of all *these figures what you will.*

Some patterns are clearer. Guardian Royal Exchange's performance shows an alarming consistency over all periods – according to *Money Marketing*, GRE has the worst endowment pay-out over 10, 15 and 25 years. Over five years, it also has the worst pension performance, with an annualised yield of -1.8 per cent. In other words, after five years its fund is worth less than the total value of premiums paid in.

Money Marketing also has valuable data on pension contracts and with-profits bonds, both of which have seen feverish marketing over the past few years. Reduced pay-outs have fed through to pensions, broadly in line with the trend for endowments. But the offices at the top of the tables tend to be pension specialists which do not figure in the endowment tables. Scottish Equitable heads the league for personal pensions since the start of July 1988, when they were introduced, with Equitable Life, Sun Life and Pearl all showing prominently.

Over 10 years (using figures for the old "Section 226" self-employed pension contracts), a £1,000 single premium would now have grown to £6,303 with Pearl, £6,191 with Scottish Life and £5,483 with Scottish Equitable. Assuming monthly premiums of £35 over the same period, Pearl would offer the best pay-out, of £15,131, followed by Scottish Amicable on £12,619 and Norwich Union on £12,451.

Clay & Partners sounds a note of caution on with-profits bonds. These take a single premium, and bonuses are added each year in the usual fashion. But offices reserve the right to make "market value adjustments" if you surrender early at a time when the market is falling. As security is the big attraction of these bonds, compared *with unit trusts* these problems could be critical.

Equitable Life and Legal & General were the only offices surveyed which gave precise dates at which they guaranteed not to apply a MVA. At the fifth and each subsequent anniversary, the Equitable guarantees there will be no downward adjustment, while L&G makes a similar guarantee for the 10th anniversary.

The judgement of John Jenkins, insurance partner with Clay & Partners, is unequivocal. "I think there is an area here which independent advisers are overlooking in not *attaching enough* importance to the guarantee," he says. "I would regard these offices' products as fundamentally better than the others, for that reason."

TOP TEN ENDOWMENTS

	TEN YEARS			
	Exc terminal bonus	£	Inc terminal bonus	£
1	Commercial Union	6,997	Equitable Life*	9,543
2	Tunbridge Wells	6,604	Tunbridge Wells	9,434
3	Eagle Star	6,501	Pearl*	9,283
4	Clerical medical	6,422	Friends Provident	9,176
5	London Life*	6,414	Standard Life	8,983
6	Legal & General*	6,350	Scottish Amicable*	8,959
7	Scottish Mutual*	6,335	Royal London	8,923
8	Standard Life	6,282	Clerical Medical	8,862
9	Scottish Provident	6,278	Norwich Union	8,831
10	Norwich Union	6,248	Commercial Union	8,746
	TWENTY-FIVE YEARS			
	Exc terminal bonus	£	Inc terminal bonus	£
1	Commercial Union	30,768	Standard Life	44,004
2	Eagle Star	25,074	Commercial Union	43,844
3	Norwich Union	22,857	General Accident	43,535
4	Legal & General*	21,782	Scottish Life	43,163
5	Royal London	21,167	Royal London	42,418
6	Royal Life	20,218	Friends Provident	42,311
7	General Accident	19,699	Scottish Amicable*	41,924
8	Scottish Widows	19,250	Equity & Law	41,726
9	Scottish Provident	18,663	Eagle Star	41,433
10	Clerical Medical	18,589	Scottish Widows	41,004

Policies started by 29-year-old male non-smoker. £35 monthly premiums for ten-year term, £30 monthly premiums for 25-year term. Source: Money Marketing

24-YEAR SURRENDER/25-YEAR MATURITY VALUE RATIOS ('91 and '90 figures)

	Top five	%	%	Bottom five	%	%
1	Equitable Life	90	(91)	Royal London	71	(73)
2	Scottish Widows	90	(90)	Commercial Union	61	(63)
3	Prudential	89	(88)	Royal Life	50	(54)
4	Provident Mutual	88	(87)	London Life	43	(42)
5	Norwich Union	87	(87)	Tunbridge Wells	35	(n/a)

Sins of commission

***Debbie Harrison** on the switch to fee-based advisers*

RECENT concern over the role of commission-based advisers in the pension transfer market has led an increasing number of consumers to seek fee based firms.

In 1991 alone, new business for individual single premium pensions was valued at £4.2bn – a 250 per cent rise on the 1989 figure, and due *mainly* to sales of personal pension transfer plans. At the same time, regulators found that the number of complaints about transfers increased dramatically.

There are three basic options for job-changers who have built up a pension benefit in a former employer's scheme, only one of which involves transferring the benefit to an insurance-based product such as a personal pension. The first two options – namely, leaving the benefit in the old scheme, and *transferring the benefit to* the new employer's scheme – may not be considered fully, if at all, by a salesman who depends on commission from sales of products.

The division between fee and commission based advisers is not always clear-cut. For example, many firms charge a modest fee but retain a percentage of the commission. This hybrid charging structure can be one of the most difficult to understand, and leaves plenty-of-scope for pulling the wool over a client's eyes.

To give an idea of the cost to the consumer it is worth putting a price on the two main ways of paying for advice. Fee based advisers charge anything from £50-£250 an hour depending on whether you go to a local high street adviser or a leading firm of consulting actuaries. As a rough guide, however, you can expect to pay £80-£130 an hour for good pensions advice with an overall minimum of about £300-£500, depending on the nature of the case and the seniority of the adviser.

If this sounds like a lot of money, consider how much a commission based adviser might receive on the sale of a personal pension used to take a transfer value of £50,000. Most providers pay about 5.6 per cent of the value of the transfer in commission. In this example, the cost would be £2,800. Looking at these figures, it is hard to justify the life industry's argument that consumers feel more comfortable with commissions.

Where the hybrid charging structure is used, an adviser might make a modest charge of, say, £200 and offer to rebate "100 per cent of Lautro commission." The old Lautro commission rate for transfers was 4 per cent, so this means that the adviser is still getting a healthy commission on the product sold.

In the example given of a transfer value worth £50,000, the override retained would be worth £800 which, when added to the fee, gives the adviser £1,000 for selling a personal pension plan.

Mitchell Philpott, director of Norex communications, says: "Given the general paucity of understanding of pension transfers, coupled with the growth of this market, we do not believe commission based advisers can demonstrate impartial advice."

> *'The number of complaints about transfers rose dramatically'*

Of course, it is wrong to suggest that the consumer is guaranteed expert advice by going to a fee based firm. Clearly, the firm also must specialise in pensions and be able to demonstrate at the first interview that the analysis will include:

- A thorough examination of the benefit options of the previous company scheme.
- What the new employer's scheme offers in terms of benefits. In particular, it could offer good inflation proofing and excellent protection for the scheme member's family in the form of widows' and children's pensions.
- An assessment of the rate of growth necessary to match the benefits of the previous scheme. This helps the adviser and the client to make a meaningful comparison between the benefits of a company scheme and those of a personal pension.

Any quotations from a life office must mirror exactly the benefit structure of the previous scheme. If the scheme offers 5 per cent inflation proofing and widow's benefits, the personal pension quotation also must do so. If a life office quotation ignores these benefits, it can offer a much higher projected pension.

If a transfer value is recommended, *check that the commission* charged is rebated in full. Where the commission exceeds the fee - as will often be the case with a transfer – the excess commission should be returned to the client, either as a cash refund or in the form of *enhanced policy terms*. If the latter is preferred, check that the entire amount is re-invested in the policy.

If the fees charged by actuarial firms are beyond your means, it is worth using the register of fee based advisers run by the monthly *Money Management* magazine*. Its data bank holds details of more than 1,440 firms and has handled more than 4,000 inquiries since it was launched less than 18 months ago. *Money Management* will send a free list of six firms in your area and the details supplied include a contact name.

One adviser on the register, Fraser Marr Financial Services, charges between £80 and £150 an hour depending on the seniority of the consultant and whether the business is conducted by the London office or one of its regional branches. Tony Murrell, the managing director, says: "Where the commission generated exceeds the fee charged, we either rebate the excess to the client in the form of a cheque or ask the product provider to enhance the value of the policy."

Russell Kitchen, managing director of Personal and Corporate Financial Planning Ltd (also on the register), offers clients the same choice and adds: "The important *point about fee* charging is that the advice is separated from the end result."

**Money Management Fee Based Adviser Register, Financial Times Business Information, Greystoke Place, Fetter Lane, London EC4A 1ND. Remember to include your postcode since this is used to locate the nearest firms of advisers in your area.*

The Week Ahead

ICI, the chemicals giant, announces its first quarter results on Thursday. Pre-tax profits are expected to be between £195m and £225m compared with £198m for the same period last year. The figures will include an exceptional profit of between £15m and £20m on the disposal of the salt business.

Analysts' attention will be focused on the pharmaceutical division which in recent quarters has been producing most of the group's profits. Its trading profits are likely to be up on a weak quarter last year, although the results for this March are likely to be poor following price rises in the US.

The performance of the agrochemicals division, which generates much of its profits in March, will also be closely watched, as will industrial chemicals to gauge the extent of the US economic pick-up.

Interim figures from Associated British Foods, the Sunblest bread to British Sugar group, on Monday are hard to call following the change of year-end to September last year. The half year will include a full contribution from British Sugar, acquired in January 1991, but the income from the diminished cash pile will be lower.

Milling and baking has been a difficult business so estimates are for a fall in pre-tax profits from the £185m comparable figure. The range is wide, from £160m to £175m.

Kwik Save, the discount food retailer, has been the subject of many rumours recently, some of which – such as the management succession – might be explained with Thursday's interim figures. The expectation is for pre-tax profits rising from £48.1m last time to around £52m. Bad debts will be closely watched at Travis Perkins, builders' merchant, which reports on Wednesday. It is set to reveal a sharp decline in annual pre-tax profits from £20.4m to around £13m.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in in pence unless otherwise indicated				
Cronite	45*	44	29	7.31	AFE SA
Dowty	178	177	145	443.52	TI Group
Lawrence (W.) ‡	63½	63½	23	30.89	Raine Inds.
Macarthy ‡	379§§	360	321	104.31	Lloyds Chemists
Midland	396§§	374	372	3,108.6	HSBC
Penny & Giles	334½§§	310	235	32.28	Bowthorpe
Polymark Intl	37*	36	34	4.33	Polyfinance
Do. Pfd. A	164½*	163	131	5.08	Polyfinance
Steetley ‡	483	499	274	754.82	Redland
Wilkes (J.)	102	157	177	17.95	Petrocon
Worcester	225*	218	188	60.50	Bosh (Robert)

*All cash offer.††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 10/4/92. §§Shares & cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglo Eastern Plants	Dec	471	(235)	1.1	(0.4)	-	(-)
Austin Reed	Jan	3,200	(3,600)	7.8	(9.5)	6.0	(9.5)
Bentalls	Feb	1,430	(3,320)	2.21	(4.67)	3.85	(3.85)
Burns Anderson	Dec	2,740 L	(1,970 L)	-	(-)	-	(-)
Capital Inds	Dec	1,200	(-)	9.2	(-)	3.0	(-)
Co-op Wholesale	Dec	23,100	(25,900)	-	(-)	-	(-)
Copymore	Dec	1,020	(931)	5.9	(4.9)	2.7	(2.5)
Davies & Newman	Dec	35,500 L	(38,700 L)	-	(-)	-	(-)
Dencora	Dec	404	(2,210)	3.1	(7.0)	5.6	(5.5)
Densitron Int'l	Dec	377 L	(587)	-	(1.83)	-	(1.7)
EIS Group	Dec	14,400	(13,490)	28.53	(28.77)	11.7	(11.4)
English National Inv	Mar	680	(711)	16.2	(16.6)	16.2	(16.2)
Elys	Feb	11,600	(8,450)	11.2	(7.51)	6.6	(5.85)
Exploration Louisiana	Dec‡	23,900 L	(1,090)	-	(-)	-	(-)
Fitch RS	Dec	417 L	(51)	-	(-)	-	(1.5)
Fleming Universal	Mar	2,700	(3,600)	2.26	(3.48)	2.8	(2.8)
Freeman Group	Dec	342	(2,000)	-	(21.6)	3.0	(8.5)
Friendly Hotels	Dec	3,890	(6,010)	16.3	(34.9)	6.5	(5.0)
Grampian TV	Feb	3,180	(2,430)	14.23	(10.83)	5.5	(4.1)
Greenacre Group	Dec	913	(538)	0.7	(0.47)	0.25	(0.22)
GT Management	Dec	18,400	(20,900)	-	(-)	-	(-)
Hentons Group	Dec	5,360 L	(2,140 L)	-	(-)	-	(-)
Havelock Europa	Dec	2,470 L	(1,500)	-	(5.8)	1.5	(3.6)
Helene	Dec	2,610	(3,980)	2.8	(3.7)	2.01	(2.01)
Heron Int'l.	Mar	217,000L	(59,000 L)	-	(-)	-	(-)
Hunting	Dec	21,100	(38,500)	10.2	(23.8)	10.0	(10.0)
Huntleigh Tech	Dec	2,310	(1,620)	17.15	(12.6)	4.5	(3.0)
[illegible] Johnson	Dec	10,600	(23,600)	2.58	(5.62)	6.0	(6.0)
Int'l Business Comms	Dec	4,500 L	(10,100 L)	-	(-)	-	(-)
Jerome (S) & Sons	Dec	1,150 L	(100)	-	(1.1)	1.0	(2.6)
Jones Group	Dec®	4,960	(5,510)	31.9	(37.0)	12.6	(12.0)
Kingston Oil & Gas	Dec	1,190†	(501†)	9.01	(4.86)	2.5	(1.56)
Liberty	Feb	5,550	(7,230)	20.77	(26.13)	7.2	(6.9)
Lilley	Dec	5,000 L	(14,100)	3.53	(7.99)	2.0	(2.6)
London Amer Vent	Mar	34 L	(36)	-	(-)	-	(-)
Martin (Albert)	Dec	2,380	(2,040)	10.0	(9.0)	4.4	(4.2)
Peugeot Talbot	Dec	50,000	(109,000)	-	(-)	-	(-)
Quicks Group	Dec	58	(896 L)	-	(-)	3.0	(3.0)
Rea Brothers	Dec	261	(1,610)	0.65	(4.09)	0.5	(0.5)
Reece	Dec	403	(415)	-	(-)	0.1	(-)
Ropner	Dec	5,270	(5,530)	15.8	(18.8)	8.25	(8.25)
Ross Group	Dec	1,260	(647 L)	1.5	(-)	0.45	(-)
Scruttons	Dec	4,270	(1,870)	60.5	(26.7)	16.5	(15.0)
Sec Tst Scotland	Mar	9,890†	(10,000†)	3.0	(3.1)	3.25	(3.1)
Sphere Inv Tst	Dec	4,330#	(4,090#)	3.53	(3.34)	3.67	(3.67)
Starmin	Dec	3,000	(764)	1.0	(0.4)	0.3	(0.1)
Tharsis	Dec	290 L	(155 L)	-	(3.28)	3.0	(6.0)
TVS Entertainment	Dec	26,700 L	(8,300 L)	-	(-)	-	(3.0)
Venturi Inv Tst	Mar	215†	(211†)	3.58	(3.52)	3.26	(3.06)
Wace Group	Dec	18,300	(25,500)	12.6	(25.5)	8.25	(8.25)
Walker Greenbank	Jan	5,430	(8,030)	4.14	(5.63)	3.1	(3.1)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Air London	Jan	671	(611)	1.6	(1.4)
Cradley Group Hldgs	Dec	487	(710)	-	(-)
Exmoor Dual Tst	Feb	469§§	(500§§)	5.1	(5.05)
First Maryland Bank	Mar◆	30,600	(14,700)	-	(-)
Fisher (Albert)	Feb	37,200	(45,000)	1.85	(1.75)
Jessups	Feb	169	(189 L)	1.5	(1.5)
Keystone Inv Co	Mar	722#	(873#)	5.0	(4.0)
Low (Wm)	Mar	8,820	(11,400)	2.7	(2.7)
Premier Consolidated	Dec®	6,900†	(6,400†)	-	(-)
Prestwick Hldgs	Jan	61	(741 L)	0.5	(0.5)
R&M Extra Income	Mar	1,130♠	(944♠)	3.94	(2.8)
[illegible] of Cornhill	Sept	88	(-)	-	(-)
SmithKline Beecham	Mar♥	270,000	(253,000)	4.15	(3.75)
VTR	Feb	276	(432)	1.2	(1.2)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ® = Figures for nine months. † = Net profits. ‡ = Net loss/income quoted in US dollars. # = Net revenue. ♠ = Available income. ◆ = Figures quoted in US dollars. ♥ = First quarter figures. ® = Figures quoted in Irish pounds & pence. §§ = Net taxed income.

RIGHTS ISSUES

Transatlantic Holdings is to raise £149m via a one-for-four rights issue at 250p.

RESULTS DUE

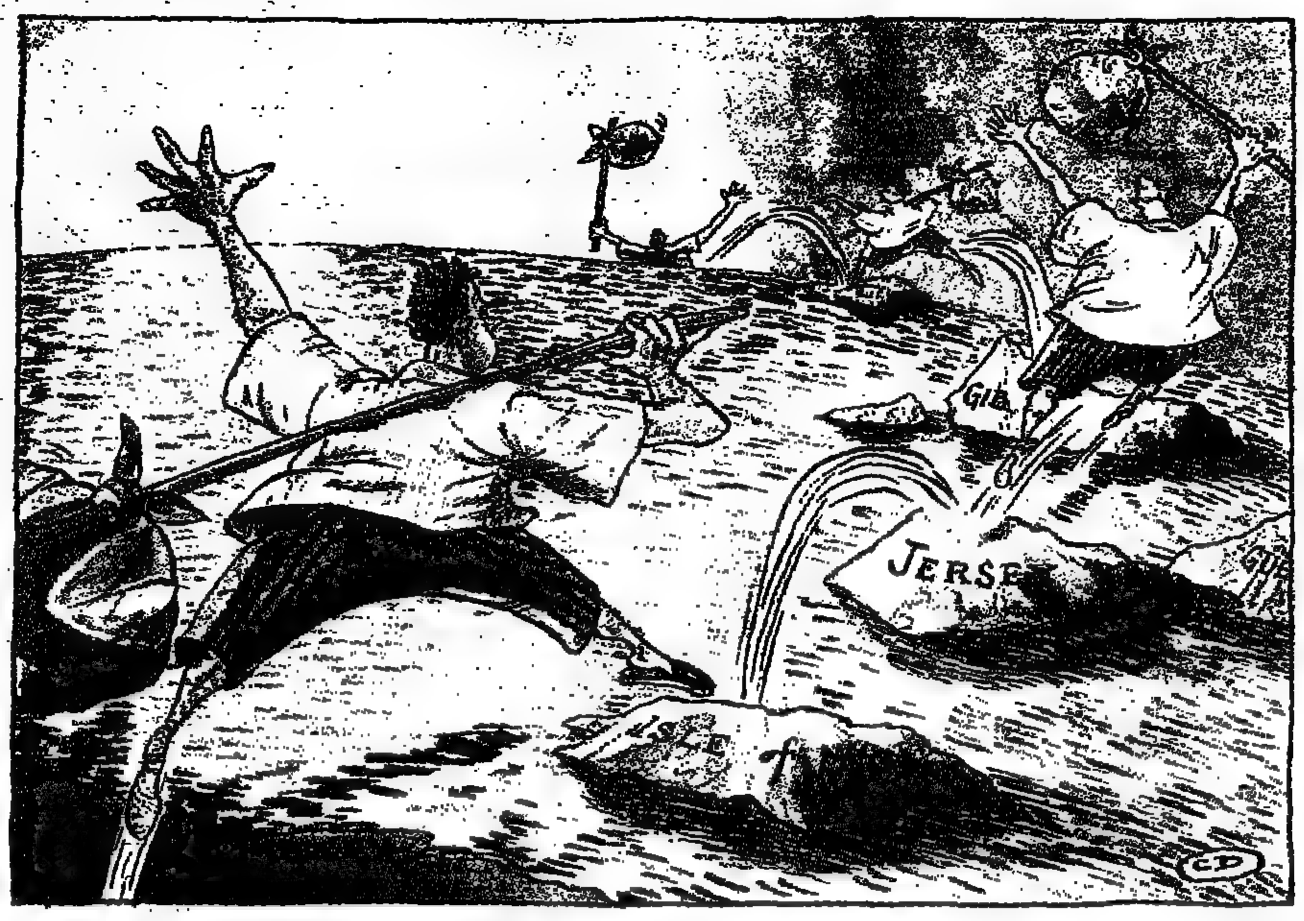
Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Bank of Scotland	Wednesday	2.0	3.1	1.7
BDA Hldgs	Friday			
Borland Int'l	Monday	-	-	-
British Fitting	Wednesday	1.37	5.97	1.37
Brixton Estate	Wednesday	2.55	4.56	2.9
Brown & Jackson	Tuesday	0.8	1.3	0.1
Brown (N)	Wednesday	1.85	4.0	1.75
CI Group	Thursday	0.82	1.22	0.82
Conroy Petroleum & Nat Res	Friday	-	-	-
Deres Estates	Monday	0.25	-	-
Eadie Hldgs	Wednesday	-	-	-
Edinburgh Inv Tst	Tuesday	2.75	4.96	2.85
Exploura Hldgs	Tuesday	-	-	-
Filofax Group	Thursday	-	-	-
Folkes Group	Tuesday	0.86	1.76	0.57
Geared Inc Inv Tst	Thursday	-	-	1.5
Govett Oriental Inv Tst	Tuesday	0.75	1.0	0.75
Hopkinsons Group	Wednesday	1.2	2.5	1.2
How Group	Monday	1.35	2.25	1.0
Ingham	Tuesday	1.0	2.0	1.0
Irish Life	Monday	-	-	-
J&S UK Smaller Co's Tst	Friday	-	0.2	-
Le Creuset	Thursday‡	0.13	0.26	-
Littlewoods	Monday	-	-	-
McLaughlin & Harvey	Thursday	3.25	6.75	-
Molynx Hldgs	Monday	1.25	2.25	1.3
Moss Bros	Monday	1.5	3.5	1.6
Scottish Mortgage & Tst	Thursday	1.25	2.45	1.3
Sennah Rubber	Tuesday	-	50.0	-
Serif Cowells	Monday	1.5	0.5	-
Shiloh	Wednesday	0.87	1.75	0.87
Smith (James) Estates	Monday	1.1	2.2	1.25
S&U Stores	Tuesday	2.0	8.0	2.2
Travis Perkins	Wednesday	2.5	5.5	2.5
TSW - Television South West	Tuesday	1.23	3.77	1.23
Upton & Southern Hldgs	Friday	-	-	-
Walker (JO) & Co	Monday	-	2.0	-
Waterford Foods	Tuesday	1.05	1.45	1.85
Wessum Co	Monday	1.15	2.35	1.15
Yule Catto	Tuesday	2.0	2.7	2.3
INTERIM DIVIDENDS				
Associated British Foods	Monday	3.7	4.5	-
Blenheim Group	Monday	7.0	5.5	-
Chemex Int'l	Thursday	-	-	-
Drayton Asia Trust	Wednesday	-	0.7	-
Govett Strategic Inv Tst	Tuesday	2.65	4.1	-
ICI	Thursday†	21.0	34.0	-
Kleinwort High Inc Tst	Tuesday‡	-	-	1.87
Kwik Save	Thursday	4.3	10.4	-
Lowland Inv Co	Monday	2.75	5.35	-
Lyles (S)	Monday	1.5	2.85	-
Majedie Invests	Wednesday	2.5	6.5	-
McCarthy & Stone	Thursday	0.5	0.5	-
Moran Holdings	Tuesday	-	1.0	-
Rosebaugh	Wednesday	-	-	-
Thai Dev Cap Fund	Thursday	-	-	-
Wharfedale	Tuesday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = Third quarter figures. † = First quarter figures. ‡ = Figures quoted in French francs.

FINANCE & THE FAMILY

How to . . . prepare for living abroad / **John Authers**

Financial guidelines for exiles



THE GRASS is not always greener over there. But there are opportunities to profit from leaving this country and working or retiring overseas.

Financial considerations alone are unlikely to force you into leaving the country, but it could be lucrative, if you plan your finances carefully.

According to Hill Samuel Investment Services there are around 3.5m British expatriates working abroad: 20 per cent in Europe, 26 per cent in Africa, and 51 per cent in North America.

If you are staying with your employer, and are only leaving the country on an overseas assignment, the tax position can be very complicated. Fortunately, a new leaflet from the Inland Revenue (*Going to Work Abroad? IR58*) offers guidelines on the possibilities.

Those who are abroad for a complete tax year (from April 6 one year to April 5 the next) and work full-time wholly outside the UK have a relatively easy time. Providing they do not make visits to the UK which average 91 days or more per year, they will be treated as not resident in the UK for tax purposes.

If you are away for 365 days or more, but this does not include a complete tax year, life is more of a headache. You may get a "foreign earnings deduction" of 100 per cent of your earnings for this period. This is Revenue-speak for saying your earnings will be free from UK tax.

You can make return visits to the UK during a period abroad which qualifies for the deduction, but no single visit may last for more than 62 consecutive days and the total number of days spent in the UK must not be more than one sixth of the number of days in the entire qualifying period.

This means that you will not always know at the time whether a given day, or period, can be counted as part of a qualifying period. The more certain you are about your travelling plans in advance, therefore, the better for your financial health.

If your period working abroad does not extend for 365 days, you will almost certainly be liable to tax in the UK in the normal way.

The greatest financial opportunities occur if you are away for more than one tax year. You will also need to find out about your new country's tax regime; there is obviously no financial point in moving to a high tax country. And you must work out your plan in advance.

If you are selling assets and going to work abroad, it would be preferable not to complete the sale until after you have left the UK. Great care is required in this area and professional advice should be sought. Also defer income, where possible, until you are non-resident. If a gain is realised while you are still onshore, you will pay UK tax on it.

Those without a large capital gain still have a formidable financial shopping list:

■ Your House. This can be a painful problem. Eric Le Rossignol, managing director of Hill Samuel Investment Services' Jersey operation, explains that the rental income after deductions, if you let it, will be subject to UK tax. So the cost of hiring a good local estate agent is justified. If the agent receives the rents and pays the expenses, the amount on which the UK tax must be withheld can be reduced, according to Le Rossignol.

Ask a solicitor to draw up a lease which ensures the property can be repossessed once you return to the UK.

■ Bank Accounts. Once overseas, you will need a bank account. "Offshore" accounts, based mostly in the Channel Islands and the Isle of Man, allow roll-up gross of tax. James Higgins, of Chamberlain De Broe, says offshore accumulators, such as Rothschilds or Hambros sterling money funds, should be used for deposits. As their name implies, these funds accumulate, or "roll-up" funds, and do not distribute income. If you can afford to do so, it is worth putting money into such funds well before leaving the UK, as you can then withdraw them, once you have left the country, free of tax.

■ Savings. Liberation from the UK tax regime allows various opportunities. As Higgins puts it: "The whole point of being offshore is that you have not got a UK tax problem, and you can start choosing investments the way investments should be chosen. You just don't need to worry about tax."

Offshore centres have developed a formidable range of mutual funds, allowing broad investment. As these funds have a favorable tax position, they should, while they stay offshore, generally be able to beat onshore unit trusts and life products.

Higgins suggests using offshore personal bonds, such as that offered by Royal Life International on the Isle of Man, as a shell for holding investments. Set-up fees need not be prohibitive if you use a non-commission product, he says, and you can then manipulate the funds held within them – they could even be used to hold building society accounts. However, the tax position of these bonds is under review, and administrative costs can become prohibitive – other advisers, such as Wilfred T. Fry of Worthing, are much more dubious about them.

Le Rossignol also points out that distributor funds are a good home for savings as they normally offer automatic reinvestment of dividends, but will protect against liability for UK income tax on accumulated gains, if the saver has to return unexpectedly to the UK.

■ Pensions. Many offshore products which call themselves "pensions" are just glorified and over-priced savings schemes, according to Higgins. On-shore pension investment is usually only attractive for tax reasons in any case.

However, pensions under Section 49 of the Isle of Man Income Tax Act 1970 are attractive for those who know they will be returning to the UK, because if taken as pension income, the annuity will be taxed like a normal annuity, rather than a "compulsory purchase" or "pension" annuity. This significantly reduces the amount of tax you need to pay.

Le Rossignol says it is worth continuing to pay Class 3 national insurance contributions to ensure eligibility for a state pension when you return. He adds that those who do not know their employment prospects when they return might be best to advised to save their employer's annual bonuses and review the situation later – UK pension law, for example, is prone to frequent changes. This explains why most offshore products are single, rather than regular premium.

Investment offshore is never risk-free, so beware inflated claims. As Le Rossignol puts it: "Common sense rules on risk and return are not left on the ground at Heathrow."

But offshore regulation is tighter than it used to be, and many jurisdictions have tightened their regulations in the last ten years.

Finally, you will need to follow developments in what is one of the most complicated areas of all financial planning. The *Weekend FT* carries regular articles by Donald Elkin, of advisers Wilfred T. Fry, which clarify the subtler technicalities of UK tax for expatriates. But talk to the Inland Revenue first.

How loans can save tax

LOANS to private companies can bring tax and interest savings, but you need to plan ahead, write Ian Grant and Tony Foreman.

Sometimes, when clients have made loans to a nephew's business or a son-in-law's company, they find the business has folded and the loan will have to be written off. The lender's first thought is that tax relief might mitigate some of the financial loss.

The sad thing about these situations is that, very often, tax relief could have been available if the loan had been set up in the right way. The basic difficulty is that a loan is not normally a chargeable asset for capital gains tax purposes. Originally, this meant that a loss on such a loan being written off was not allowable for CGT purposes. The law was changed some years ago; now, section 136 of the Capital Gains Tax Act 1979 gives relief where a lender makes a loss on a loan extended to a person carrying on a trade in the UK.

But relief is available only if a range of conditions is satisfied, and this is often a problem in practice. Furthermore, even where relief is available, the allowable loss is confined to the amount of the loan which proves to be irrecoverable. There is no indexation relief.

Contrast this with the situation where a loan is made to a private company by way of a debenture, with the loan stock being transferable and carrying a right to conversion into shares. Such a loan usually will qualify as a "debt on security," which means that it is a chargeable asset for CGT purposes.

Because it is convertible, it does not fall within the definition of a qualifying corporate bond (on which no CGT relief is available). If the loan has to be written off, the allowable loss for CGT purposes is increased by indexation.

This still does not give income tax relief. A capital loss can be set only against capital gains, which may be in short supply at present. There is, however, a way in which income tax relief can be secured.

The secret is to put money *into a private company by way* of redeemable participating preference shares rather than as a loan. You should bear in mind that, in commercial terms, there will often be little to choose between the two types of investment.

Whether you put in money as loan stock or participating preference shares, normally you will find that, if there is a liquidation, you rank for payment only after secured creditors and the banks have been paid off. Very often, that will leave nothing for anyone else. But if there is, then a preference shareholder will have higher priority than ordinary shareholders.

A participating preference share is a special type of preference share where the holder is entitled to a fixed dividend plus a variable one. The variable element can be quite small, so that shares would qualify as participating preference shares if they carried a right to a fixed dividend of 9 per cent plus a variable dividend of 1p for every £1 dividend paid to ordinary shareholders.

Why does the fact that shares are participating preference shares make so much difference? The reason is that they count for tax purposes as "ordinary share capital."

Where a person has subscribed for ordinary share capital in a private trading company, and the shares eventually prove to be worthless, he can claim income tax relief under section 574 of the ICTA 1988.

■ *Ian Grant and Tony Foreman are tax partners with chartered accountant Pannell Kerr Forster.*

CGT allowances for March

THE TABLE shows capital gains tax allowances for assets sold in March. To use it, multiply the original cost of the assets by the figure shown for the month in which you bought them.

If you subtract the result from the proceeds of your sale, the difference will be your taxable gain or loss.

Suppose that you bought shares for £6,000 in February *1986 and sold them in March* 1992 for £13,500. Multiplying the original cost by the February 1986 figure of 1.415 gives a total of £8,490.

Subtracting that from the proceeds of £13,500 gives a gain for tax purposes of £5,010 - below the 1991-92 £5,500 CGT allowance. If you realised no other gains during the year, the profit should be tax-free.

If you are selling shares bought before April 6, 1982, *use the March 1982 figure.*

CGT indexation allowances: March

	1982	1983	1984	1985
Jan	–	1.655	1.574	1.499
Feb	–	1.648	1.568	1.487
Mar	1.721	1.645	1.563	1.473
Apr	1.697	1.622	1.542	1.442
May	1.675	1.615	1.536	1.436
Jun	1.670	1.611	1.532	1.433
Jul	1.670	1.603	1.534	1.435
Aug	1.669	1.598	1.520	1.432
Sep	1.670	1.588	1.517	1.432
Oct	1.662	1.583	1.508	1.430
Nov	1.654	1.577	1.503	1.425
Dec	1.657	1.573	1.504	1.423
	1986	1987	1988	1989
Jan	1.420	1.367	1.325	1.232
Feb	1.415	1.362	1.318	1.223
Mar	1.413	1.359	1.313	1.217
Apr	1.400	1.343	1.292	1.196
May	1.397	1.342	1.287	1.189
Jun	1.398	1.342	1.282	1.185
Jul	1.402	1.343	1.281	1.184
Aug	1.397	1.339	1.267	1.180
Sep	1.391	1.335	1.261	1.172
Oct	1.388	1.328	1.248	1.163
Nov	1.377	1.322	1.243	1.154
Dec	1.372	1.323	1.239	1.151
	1990	1991	1992	
Jan	1.144	1.050	1.008	
Feb	1.137	1.044	1.003	
Mar	1.126	1.040	–	
Apr	1.093	1.027	–	
May	1.083	1.024	–	
Jun	1.079	1.019	–	
Jul	1.078	1.022	–	
Aug	1.067	1.019	–	
Sep	1.057	1.016	–	
Oct	1.049	1.012	–	
Nov	1.052	1.008	–	
Dec	1.052	1.007	–	

Source: Inland Revenue

Profiting from a fund for Sheps

Eric Short on second-hand endowment policies

*A SCHEME that will enable investors, even those with small amounts of capital, to invest collectively in second-hand endowment policies (Sheps) is to be launched soon by Policy Managers Ltd, a subsidiary of Collective Investments Ltd.**

Investor interest in buying existing with-profit endowments *is growing apace*, particularly for contracts with only a few years to maturity. And although a recent article highlighted the merits of investing in second-hand endowments, it also pointed out certain possible disadvantages, namely:

■ Lack of flexibility in the investment. The investor has to select it from the list offered by the marketmakers. He cannot pick the exact investment period or the exact amount to be invested.

Unless the investor has considerable capital, he cannot spread his investments over a period or with several life companies.

■ The strong demand for second-hand endowments means investors have very little time to make a suitable selection. Often, they are beaten to it by others.

■ Investments required tend to be for large amounts. There are comparatively few endowments available to small investors.

■ Investors have to make further payments by meeting the premiums on the endowment until it matures and they get the maturity value.

Stephen Jones, an executive director of Collective Investments, has designed a scheme to overcome these disadvantages and to open up the second-hand endowment market to more people.

The plan is classified under the Financial Services Act as an unregulated collective investment scheme, but its structure is quite straightforward. It will operate as an open-ended fund on a unitised basis similar to an unauthorised unit trust. Investment will be via the usual method of *buying and selling units*.

The fund will invest in *second-hand endowments* through the established marketmakers. Although the intention of the managers is to hold the endowments until maturity, they could be sold back to the marketmakers if conditions warrant. The managers intend to concentrate on buying endowments from around 15 selected life companies with good bonus prospects.

Collective Investments will not itself be a marketmaker, thereby avoiding any conflicts of interest. Neither will it hold a box of cashed-in units. All these will be cancelled automatically and fresh units created for incoming investors. But the managers will set aside a sufficient amount of the money which has been invested to meet future premiums on the purchased endowments.

In addition, the fund will hold an adequate liquidity margin in order to meet re-purchases without being forced to sell endowments. This money will be held in a separate, interest-earning account.

Policy Managers is still *discussing whether to operate* the pricing on the usual bid/ *offer basis or to follow the* trend in the unit trust industry and have a single pricing system. But the basic price will relate to the market value of the endowment portfolio and the cash held.

Although Policy Managers will be calculating the prices itself each week, the valuation will be based on the market rates of return achieved by the Foster & Cranfield auction prices. Foster & Cranfield will act as adviser on the pricing and selection of endowments.

The managers reserve the right to expand the margins or freeze the price if there is a very high value of redemptions within a very short period. But the managers are negotiating loan finance on the security of the underlying endowments, so that forced sales can be avoided.

The operation of this fund would appear to be somewhat incestuous, with little outside monitoring. But Collective Investments, which will handle the marketing of this new scheme, is authorised by Imro (the Investment Managers Regulatory Organisation) for its mainstream business of enterprise zone trusts and limited partnerships.

As such, the managers have had to submit full details of *their plans to Imro for* scrutiny, particularly the pricing *mechanism*, and discussions are continuing. Even so, as an unregulated collective investment plan, it is not covered by compensation machinery.

The fund is being structured so that investors would be subject to a capital gains tax liability only on selling their holdings, against which they can offset their annual exemption – similar to the tax position on cashing-in units with unit trusts.

This scheme might well be of interest to parents wishing to make gifts to their children. Normally, the income from such gifts is aggregated with the parent's income (usually that of the father) and children cannot use their tax allowances.

Under this scheme, though, *there is no income, so it can be* gifted by parents to children. *On cash-in, the child should be* able to use the exemption to *offset the CGT liability*.

Since this scheme is classified as an unregulated collective investment plan, Collective Investments can market it only through *authorised intermediaries* (although it can deal direct with *experienced investors* through customer service *agreements*). *But, generally*, potential investors applying direct to Policy Managers would be given a list of names of independent financial advisers in their locality.

Being a new investment concept, it has taken considerable time to set up the scheme and obtain the necessary approval from Imro. But Collective Investments hopes to start trading within a few weeks. The intention is that people will be able to invest from £2,500 upwards.

If this scheme is successful, Stephen Jones is exploring the feasibility of offering dated funds where the units would be redeemed at a certain date in the future. He has his eye on the school fee planning market.

**Collective Investments, 77 London Wall, London EC2N 1BE (tel. 071-628-2828).*

An EZ life ends

LONDON'S Docklands moves into uncharted territory this weekend.

From tomorrow, the area loses the *enterprise zone status* it won on April 26 1992. This does not necessarily harm the opportunities for investors to take advantage of tax concessions – measures announced before Christmas and likely to be enacted in the new Finance Act allow investors to profit from EZ tax concessions for up to two years after a building first comes into use.

But life will be more hectic for the tenants of Docklands buildings (or at least, those who pay the rents) because rates will now be payable – even if, like many Docklands buildings, there is no occupant.

According to John Harrison, of Investment and Tax Publish*ing Services*, an expert on enterprise zone taxation, the precise level at which rates are levied could be controversial, because there is no clear base of comparison. Rates may not be as high as they are in the City of London, for example, and there might also be a case for keeping rateable values low until the public transport infrastructure is fully in place.

Times are hard for Docklands developers in any case, as the much-publicised difficulties of Olympia & York, responsible for the Canary Wharf development, make clear.

A number of Docklands EZTs have problems. Last week PET 8, launched in 1989 and the biggest EZT of all, asked to defer its rent payments to investors.

Globe Trust, the private property company which guaranteed the rental income, blamed the downturn in commercial rents and values for its difficulties. The trust owns Two Exchange Tower, at present only 40 per cent let.

Investors who borrowed to finance their EZT investment could be seriously affected by delays in rent *collection* – they could lose the tax relief available if rental income is used to pay off the loan. The *advent of rates will not make it* any easier for Globe to meet its *obligations*.

Confusion also reigns over CET 7, sponsored by IPS, who also sponsored Olympia & York's Cabot Square Trust. CET7 was launched at the end of the last tax year to buy part of One Exchange Tower. It needed £26.3m, but according to Property Enterprise Managers, which handled the administration, only £12m was raised.

The trust was not formally underwritten, which means that investors' money may need to be refunded. Negotiations are continuing to complete the deal. However, at present, according to PEM, "the trust has been formed so that investors have units effectively allocated." But it is a matter of getting the deal in the form the prospectus led them to expect, PEM adds. "And if it doesn't work like that, allowing them to withdraw."

An injection of cash for One Exchange Tower might help meet the rent on Two Exchange Tower, but the situation should become more clearer in the coming weeks.

The outlook, now Docklands is no longer an enterprise zone, could be gloomy. As Harrison says: "If they can find tenants and let the buildings then the developers are off the hook. If they can't then they are stuck with paying the rent and from next week a potential charge for rates as well. That could be the last straw for some people.

"Against that, interest rates could be coming down and the banks might allow some leeway. That's the balancing act."

John Authers

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Co-operative Bank	Pathfinder	0800 616162	Instant	£1	10.00%	Mly
Nottingham BS	Post Direct	0602 481444	Instant	£2,500	11.25%	Yly
				£50,000	11.45%	Yly
Scarborough BS	Premier Fix	0723 368155	1.8.92	£1,000	11.5F%	Yly
Chelsea BS	*Premier Acc 2nd*	0800 272505	31.1.94	£10,000	12.0%*	Yly
Nationwide BS	Capital Bond	0793 694465	2 Year	£10,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.50%	Yly
Stroud & Swindon BS		0453 757011	5 Year	£100	12.10%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	12.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.00%	Yly
				£25,000	10.50%	Yly
Portman BS	Prestige Cheque	0800 378178	Instant	£50,000	11.00%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich (Guernsey) Ltd	*International Acc*	0481 715735	Instant	£500	10.00%	Yly
Co-operative	Investment 90	0481 710527	90 Day	£50,000	10.75%	½Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	11.35%	Yly
Bristol & West Intl Ltd	The Intl Premier	0481 720609	6 Mths #	£25,000	10.90%	Yly
C&G Channel Islands Ltd	Guernsey Bond	0481 715422	1 Year	£10,000	10.65%	OM
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 680 7153	1 Year	£2,000	8.65%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.45%	Yly
Prosperity Life FN		*0800 521546*	3 Year	£25,000	8.84%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.80%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	8.80%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.5%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	38th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

* Rate on Chelsea account fixed till July 1. # = after 6 month qualifying period. This table covers major banks and Building Societies only. All rates (except Government Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

Poll tax bill on empty house

MY DAUGHTER is in dispute with the local authority over the payment of the community charge on a property which she *voluntarily* surrendered to the building society when she got into difficulties with the repayments.

Originally the authority was prepared to levy this charge against the society and the society was prepared to accept it, but it now seems that the society is seeking to avoid payment, claiming that my daughter, although denied access to the property or any say in its disposal, is legally responsible as the freeholder. Of what, if she neither owns nor occupies the property?

■ We think the council is correct. Your daughter is responsible for the standard charge on the empty property until either the mortgagee or she herself effects a sale of the property. She remains the owner of the empty property, and is entitled to any surplus money if there were to be a sale at a price exceeding the mortgage loan plus interest.

Driveway dispute

THE driveway of my mother's home is adjacent to the pathway of her neighbour's at the boundary line, though it is higher by some 18 inches.

The neighbours have allowed the concrete surface of their pathway to crack. Rain has caused movement of the underlying soil, lowering the surface of the pathway and exposing and moving the soil beneath my mother's driveway, which has cracked.

A large portion of the otherwise well-constructed driveway will have to be and replaced. Has my mother any claim for negligence? Are there legal safeguards she can adopt to prevent a further costly occurrence?

■ If the damage is caused by natural seepage of rainwater which has not been artificially collected by the concrete your mother would have no claim in law against her neighbour. The position might be different if the pathway itself supported your mother's driveway and had been in place, with that effect, for more than 20 years.

Tax on interest

EARLY in 1991 I raised a considerable sum by taking out a loan. The sum has been earning interest while waiting to be used. This interest, say the tax authorities, attracts higher rate tax. No allowance has been granted in respect of the interest payable. I have appealed, but the tax inspector has ruled against me and I have had to pay the demand.

■ The tax inspector is right. Tax relief in these circumstances was abolished in 1974 (following restrictions imposed in 1972). In a reference library, you will find the current restricted relief for loan interest in sections 353 to 368 of the Income and Corporation Taxes Act 1988. Look for the British Tax Encyclopedia, British Tax Legislation, Simon's Taxes, or Tolley's Taxation Service.

Recorded gifts

IN MARCH you wrote that under certain circumstances probate could be granted but that there should be a record of any gift to the daughter of a beneficial interest in bank and building society accounts. What would constitute a record? A deed, a simple written expression of intent? Could such an expression be revoked subsequently by an express disposition in a will or implicitly by a residuary clause?

■ The idea is to record the fact that the gift has been made; for example by a signed written memorandum stating that there has been a gift of the relevant interest. The gift may be effected either by a declaration of trust or by a formal, written assignment of which notice in writing is given to the debtor (for example the bank or building society).

A difficult shareholder

BEFORE 1982, we purchased a freehold retail outlet at a value based primarily on property. At the end of 1985 one of the shareholders parted company, resulting in transfer of his shares to my wife. Allowing for the potential CGT liability, and calculating the absolute nett value of the shares, mainly based on the property value, we agreed a consideration sum for the share value, albeit unhappily.

In March 1988, when the chancellor abolished liability to CGT on pre-1982 gains, the ex-shareholder demanded his share of the potential CGT saving. He has no rights after the shares were transferred, but because of heavy pressures and unbearable tension I have agreed to resolve the matter by paying him his share of the retained CGT liability.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

1. How do I stand regarding stamp duty? This additional payment will obviously be counted as a consideration for the original share value. Do I simply say that this was a delayed payment? What about penalty, and so on?

2. In what manner do I inform the Revenue?

1. The payment which you have made cannot be regarded as part of the consideration for the transfer of the shares to your wife at the end of 1985. Consequently there is no stamp duty problem.

2. You have simply made a gift to the former shareholder, in order to stop him pestering you. So far as we can see, from the bare facts outlined, that gift cannot be taken into account for CGT purposes, either in relation to your wife's shareholding or in relation to your own. (The gift is a potentially exempt transfer for inheritance tax purposes.)

Casebook

Why widows need watchdogs

BUILDING societies *are still getting* away with the old trick of *cutting interest rates* on their accounts without tell*ing customers – in spite of a* weltet of bad publicity last year, *including a judgment* by the building societies ombudsman against the Nationwide Anglia.

But when money has been left in an account in trust, often for a widow, the trick is easy to accomplish and rates of interest paid can be very low.

Solicitors administering these trusts need to look for income, so they prefer accounts which pay interest monthly. This restricts choice.

Even though money deposited in this form must be very much a "safe earner" for the societies, they still do not rush to make sure that their elderly clients are receiving the best interest available for their requirements.

For example, one solicitor conducted a review of the trust funds he administered, and found the *following rates of* interest were being offered:

■ 1.69 per cent on £3,000, by Abbey National;
■ 1.73 per cent on £2,000, by Alliance & Leicester;
■ 2.475 per cent on £3,000 by Birmingham Midshires;
■ 2.25 per cent on £500 by Halifax;
■ 2.25 per cent on £3,000 by Portman;
■ 2.63 per cent on £5,000 by Woolwich;
■ 3.75 per cent on £500 by Nationwide Anglia; and
■ 4.43 per cent on £5,000 by Bristol & West.

When prompted, the societies were able to offer some improvement. The solicitor *said: "In every case, the society* was able to recommend *another of their accounts* giving better rates of interest but *usually these provided for* annual income only – which I *feel is not appropriate for* trusts where there is a life tenant entitled to the income – or periods of notice of two or three months unless minimum balances of £5,000 or £10,000 were maintained."

The best compromise seems to be the "High 30" account offered by Bristol & West, which currently pays a gross 8.51 per cent annual rate on balances of more than £500, but requires 30-day notice. Market Harborough offers a similar account with interest of 8.05 per cent. This is apparently the most suitable account for widows holding trust funds at present.

Otherwise, building societies *dislike the costs of administra*tion for such small sums, and most *of the options available* come in the form of "current *accounts*" which are *not suit*able for saving.

According to Blay's Guides, the top rates for monthly inter*est with immediate access* are 7.95 per cent from Woolwich, 7.72 per cent from Bristol & West, 7.44 per cent from Swansea, and 5.85 per cent from Coventry.

*It might not seem that diffi*cult for a society to provide extra flexibility for elderly widows, who often find the income from these small accounts invaluable. But perhaps they are more interested in an easy way of making a profit . . .

John Authers

Rilke, Dali and El Cid slept here

As tourists pour in to Spain, Jimmy Burns explains how to escape Expo and Olympic hype

I BEGAN to find what I was looking for just a few kilometres south of Seville on a narrow road off the motorway to Cadiz. It was a village called Cabezas Blancas (White Heads), appropriately the first stop along what Spaniards have termed the "route of the white towns."

I had left *behind me a city* that was cracking up under the strain of Expo and found a little village of white-washed houses where old men lounged in doorways and children chased each other in and out of trees. The atmosphere had been transformed. There was no hurry, just a seemingly endless time to talk and drink under the sun.

Beyond, the road took me through fields of cotton and sunflowers gracefully bowing to the light, with not a human in sight. In spring these fields are speckled in yellow and red: sunflowers in full bloom and poppies. It is hard to imagine that such a pastoral scene was the setting for some of the bloodiest battles between infidel and El Cid during the Moorish occupation of Spain.

'I watched the swallows swoop over the valley as the sun set'

The villages and towns that line the route, and the castles in between, are nevertheless very Moorish indeed; the white towns are perched high on hills, clinging to the landscape defensively.

There are more than a dozen *white towns to visit. Among* them, Arcos de la Frontera deserves its reputation as one of the most picturesque towns to be found in Andalucia. The town is perched high on a ridge, overlooking a river. Its narrow streets are flanked by small squat houses. Gothic churches, friendly *tapas* bars and little palaces are hidden in the labyrinth of whitewashed alleyways.

There are plenty of cheap hotels on the route, but after a couple of hours' driving through the hills I opted for *the graceful Reina Victoria* Hotel in Ronda because the poet Rainer Maria Rilke drew his inspiration there.

I booked a room just beneath his and from there watched the swallows swoop over the valley as the sun set, like a melting gold coin behind the granite hills. Rilke likened the dramatic gorge which separates the old and new town to St Christopher carrying the baby Jesus on his shoulders. Crossing the bridge, we left behind the bustle of the new Ronda with its busy commercial life, and entered a part of the town which had survived the years largely untouched and unaltered.

We followed the path deep into the gorge, to the Moorish baths. They were closed to the public but we convinced Juan, an old gardener, to let us in. He told us that the baths had been closed because a young tourist had tripped on the narrow path, fallen, and broken a leg. *While my companion* stayed at the top, I followed Juan along the fateful track, peering ahead as best I could.

Juan was anxious to show me the fountain because it was here that they shot the scene of Carmen washing herself in Rossini's film of the opera. *Clutching his hand scythe*, Juan told me that his job now was to clean away the brambles and weeds where lizards lurked.

As we stood under the surviving arches, I surveyed the remains of the drainage, the simple but logical way the baths had been *laid out*, the use of shadow and thick walls to create a perfect mild temperature for us to lounge in.

Juan looked up at the ramparts: "You know they built that without concrete and it's still standing after all these years. I dont know how they managed it."

On our walk to the baths we had passed a couple of English girls. "Cross-breeding seems to be a Spanish trait", one of them remarked as they walked past a bundle on the cobble stones. The bundle was a litter of kittens, of various sizes and shades ranging from ginger to black. They had been abandoned in the heat. When we were bidding our goodbyes, I pointed to the cats and remarked that they would die unless someone packed them up.

"*Hay que ver*", Juan said. "These people who take away the children from their natural mother. They should be ashamed of themselves," Juan promised to take them with him to his village high up in the sierra where other cats lived amidst the hills. And so we left Juan gazing beyond the Morrish baths at the kittens on the cobblestones, and headed back towards the new town *built by the Christians*.

We visited the bullfight museum. Here bullfighting was elevated to the realm of ritual, the garments and instruments of the *toreadores* laid out like relics: a glorification of death. There was a ticket to the bullfight the day Manolete was killed. Some exhibits were pure pastiche: a cape with an Aztec sun and a naked body of the tortured Christ rising up into the sky.

There were portraits of Ordonez with Orson Welles and Hemingway. The director of the museum was as protective of his exhibits as the curate of his local Virgin. Indeed, there is a similarity that links the two cults – ritual and unquestioning devotion.

Near the bullring there is an old Carmelite church. We went there to buy some cakes. Next *to a picture of the Virgin Mary* a price-list referred to a variety of sweet delicacies: *poloorones* (crumble cakes), *pestinos* (sweet fritters), *cocadas* (coconut cakes) *magdalenas* and *mudagas* (cup cakes).

I made out my order for a quarter of a kilo each. I communicated with an anonymous nun through a dumbwaiter encrusted in the medieval stone. The nun's muffled, slightly ageing voice repeated each order like a litany before quoting the total price. I deposited the money.

The dumbwaiter twirled and for a few moments I was without cakes and without money. But there was faith in the air. The dumbwaiter twirled again and the cakes appeared neatly packaged in plastic. Each bag carried the inscription (in Spanish): "How beautiful it is to have an ideal in life."

A noble sentiment, indeed, although it was difficult to forget that every sweet morsel made by these Christian nuns had its origins in Moorish kitchens, before the Moors were booted out.

We had been told that one of the curiosities to glimpse along the route was the Spanish fir – the *pinsapo* – a rare tree not found anywhere else. We would have seen several hundred as we made our way along the mountain road were it not for a large forest fire, caused by a stray piece of rubbish, which for two days engulfed an entire sierra. We saw thick sandy-coloured smoke rising over the horizon. The local radio described the fire as the worst ecological disaster to hit the area in 25 years.

After his wanderings round Europe, Rilke had found his peace here. Writing to Rodin in November 1912, he had reflected on how much Spain had to give him. "Ronda is incomparable", he had marvelled.

Rilke's room in the Reina Victoria was a poet's room, simple and contemplative: a small desk with two fountain pens, a small library of books and a window giving out to the sunset. Yes, Ronda with its sense of timelessness, its beauty, its hidden mysteries, poets and bullfighters, *was* difficult to beat.

We left Seville shrouded in the pink of dawn, its new airport a monstrous carbuncle of futuristic architecture, a kind of 21st century hangar with blue arches made of some undesirable synthetic material. The spirit of Expo chased me all the way down the runway *like a rampant bull*.

At Barcelona airport I was greeted by the Olympian bull. Redesigned and expanded into a bubbling international rendezvous, the airport now provides another futuristic nightmare made worse by an inexplicable shortage of toilets.

There was a quickened pace about the airport which grew in intensity as we drove on to the motorway. There were places to eat but all that was being sold was fast food. Over the motorway a computerised clock marked the countdown to the opening day of the Olympics, lest anyone forgot. At this pace, I thought, there will be a collective burn-out before anyone gets to the starting line.

At Blanes, the Costa Brava's first frontier town, I got stuck in a terrible traffic jam. The *heat was sweltering*. We diverted to the nearest fast food snack bar. An assortment of chickens, french fries and hamburgers were displayed in coloured photographs behind the bar.

I pointed to each in turn, only to be told that nothing was available. I pointed to some bars of chocolate and some crisps. I was served crisps and Fanta reluctantly, and the man glowered when I spilt the Fanta. I told him that I would complain to the Olympics board – and I did.

We were soon driving along the Costa Brava. The road between Blanes and Lloret de Mar became increasingly twisty, meandering through spectacular pines, the sea luminous. Unfortunately, one of my passengers was sick all over the back seat.

Lloret de Mar and neighbouring Tossa were crowded with tourists – mainly British, arrogant and badly dressed, lounging in *cafés*. To think that this was a quaint fishing town before Ava Gardner made a film here in the 1950s, I lamented.

San Feliu was anti-climatic.

'Beyond San Feliu the developers had bulldozed my memories'

It was here that I had spent *five idyllic summers as a child*, and was revisiting for the first time in 30 years. We stopped for lunch by the quayside. It was much as *I remembered it* as a boy – the oil on the water's surface, the bits of rubbish floating between the rocks. Yes, there was pollution in those days, but no one seemed to mind so much. Now there was a self-conscious sign by the local authorities declaring the port to be a green zone.

Beyond San Feliu, the developers had bulldozed my memories. The fields of corn had sprouted apartment blocks. It was lucky that we had rented a house in Aiguabrava, the most beautiful and secluded spot along the Costa. The house was set up high on a hill. Its construction was a veritable rabbit warren of paths and patios and hidden rooftops. Plants and creepers of every kind and colour covered it.

Cadaques: Dali thought it embodied "the most incomparable beauty on earth"

Mornings and evenings were the best times to admire the beauty of the scene. At night under a yellow moon the pines swayed, and the wind swept *the hills. The air was heavily* perfumed with the smell of thyme and pine.

The next day we went down to the nearest beach as the sun rose. There was already another couple. She was massaging her partner's back with lascivious intent. As the morning wore on, the beach got crowded with more and more topless women massaging their partners and *vice versa*. There was an array of differing human forms I scarcely imagined possible.

I thought it all most natural, *this baring of breasts* in and out of the water, among the sun-shades, ice-creams and suntan lotions, the children struggling with their flippers like unruly penguins. My female companion dismissed it all as a mix of exhibitionism, male chauvinism and menopause. We left the beach by mid-day. By then all sense of individuality had been surrendered. The aspect of nakedness struck me as one enormous expanse of flab, as immobile under the sun as a beached whale.

After *a day* of this, I felt it was time to search for Dali. We drove to the village of Cadaques which the painter thought embodied "the most incomparable beauty on earth." It was at Cadaques, Dali tells us in his autobiography, that he had perfected his awareness of his situation.

As we drove down from the hills, Cadaques looked unlike any other town that straddles the Costa Brava. It is not really a town, more a village; unlike the others it has not spread its tentacles along the coast. Its compactness strikes one immediately, as does its whiteness.

The local Dali museum has a wonderful model of a 1920s bus. Dali sits in red hat and *red scarf in the driver's seat*, looking quite lunatic, of course; his wife Gala is beside him, bewitching in a purple velvet dress.

Behind them are Picasso (the man Dali most thought about after his father), Marcel Duchamp (the man who *painted a moustache on the* Mona Lisa), and Lorca (who let Dali fondle his knee once), looking thrilled as schoolboys on an outing.

In Cadaques there is no beach worthy of mention. But there are friends and boats and we took both a few miles up the coast to the bay of Port Ligat. There the house where Dali had spent most of his life stood in an overgrown olive grove, *closed to the outside* world. Next to it was the villa belonging to Captain Moore, the man who was Dali's *personal secretary. And next to* this a mock Moorish castle painted sand red. It, too, was closed to the public, but it was rumoured to have once contained a load of Dali paintings.

We anchored the boat and went diving for mussels and oysters in the bay Dali had painted into the most popular of his religious works, the *Christ of St John of the Cross*.

When we re-emerged, the naked outline of a woman was silhouetted against the sky, near to Dali's house; by her a man in red underpants was fishing with a bamboo stick. All around us the sea swayed with erotic motion, as if moved by some primaeval force.

From Cadaques we went to Figueras and the Dali museum, which holds the distinction of being the most popular museum in Spain after the Prado.

There were crowds circling the block, mainly of young people with long hair or older people pretending to look surrealistic. Inside there was something for everyone or everything for some of us. Every secret recess of Gala's body was on display in a dozen or so pen drawings and paintings. But it was to the Mae West room that the crowd was converging as to an *erogenous zone*.

The room had a *sofa* shaped like a pair of bulbous lips, a long mane of bleached hair draped from the ceiling and two lithographs – one of an eye winking, the other of an eye staring vacuously.

The visitors' ultimate destination was the top of a wooden staircase. There, under the testicles of a wooden camel, one was required to look at the Mae West room through a piece of glass.

For 20 minutes, and out of sheer curiosity, I waited my turn. I had been told that if I looked through the glass I *would see Mae West's face. In* fact what I saw was a sofa shaped like a pair of bulbous lips, a long mane of bleached hair hanging from the ceiling, and two lithographs. Only the crowd looking down below had their bodies distorted into fantastological shapes by the glass.

I realised then that Dali had achieved his ultimate tease: to make us part of the frame while exploiting our gullibility.

"The clown is not I", Dali wrote once, "but rather our monstrously cynical and so naively unconscious society that plays at the game of being *serious, the better to hide its* own madness."

I was ready to escape from the circus.

■ Jimmy Burns flew from London to Seville and thence to Barcelona c/o Iberia. Tel: 071-437-5622.

The six-dollar sunrise

Nicholas Woodsworth stays near the Nile in a sauce-stained hotel with a wonky lavatory but brilliant views

6am. The Abu Simbel Hotel is not a luxury establishment. In high season you take what you can get when you fly into Aswan in the middle of the night without a reservation.

My bed sags. I cannot sit on the toilet without banging my knees into the sink. Outside my room a morose floor attendant sits in a ragged turban and long robe like a mummy propped in a chair. The lift is operated by touching two bare wires together. In the dimly-lit, sauce-stained dining room downstairs, ancient and cadaverous waiters stagger about like the cast from *Night of the Living Dead.* What can you expect for $6 a night?

What you do not expect is a room with a view worth a million dollars. I had never believed in the phrase "breathtaking" until I pulled back my curtains a minute ago. Suddenly, the room was filled with scintillating light. The view was a vision of luminous clarity. In the delta far to the north, Mediterranean winter storms are battering Alexandria, and Cairo is wet and grey. But here on the Upper Nile the air is different. Bathed in early morning sunlight, Africa is startlingly close and beautiful.

Outside my window the Nile flows blue and silver-stippled through the desert, past the smooth granite outcrops and boulders of the First Cataract, past the mud-brick villages and date groves on Elephantine Island, and on round a wide, slow bend in the river. On the other side, yellow sand-dunes rise steeply out of the water. At their foot, above a fringe of feathery palms, sits the domed stone mausoleum of the Aga Khan; 500 ft higher, a row of dark entrances dug into sand and rock mark the Tombs of the Nobles.

Below, on the riverside corniche, I can see life stirring. Horse-drawn *caleches*, all brass and polished leather, jingle down the road toward the five-star hotels. With a little horn-honking, the first cars and buses are warming up for another day's insane driving. Goats are browsing on grass and cigarette packets on a traffic island in the road. A cook emerges on the rear deck of a moored cruise boat and dumps a bucketful of papaya skins onto the bank.

Already, advance units of the Corniche's army of touts and hawkers are on the march along its granite-tiled promenade. They are determined, irrepressible, skilled in the arts of the sidewalk ambuscade. "You want guide?" "You want *felucca?*" "You want to see my shop?" This is just the beginning of a long day's skirmishing.

11.30am. All morning I have been tramping about Elephantine Island, the largest of the islands that sit in the Nile at Aswan. It is long and narrow, and houses not only the remains of a temple complex devoted to the ram-headed god Khnum, but two Nubian villages.

I like the lush fields that surround the villages. Water splashes noisily through winding irrigation ditches, pannier-laden donkeys sleep under shady fig trees, and dark-skinned peasants in bright blue djellabas – the long cotton robe of Egypt – swing mattocks in mud-walled vegetable fields. But the villages themselves I could do without. They have suffered an annual winter invasion ever since Thomas Cook opened Upper Egypt to tourism a century ago, and it shows.

"Hello Bicpen!" shout little boys as they rush from blue-and-yellow-painted mud-brick houses to greet visitors. "Hello Bonbon!" scream little girls as they trip over fat-tailed sheep in a rush to reach you first. "Hello Baby Baksheesh!" yell mothers draped from head to toe in black bombazine.

Panicking, I have sought refuge in the garden that sits between the Aswan museum and the Khnum temple. It is a place of delightful calm. It is not nearly as large, ambitious or elegant as the botanical gardens established by General Kitchener during the Khartoum campaign – they are on the neighbouring island bearing his name. Rather, this is a rambling garden of straying vines and creepers, ancient Egyptian statues carelessly concealed in the undergrowth, and brilliant displays of flowers.

My companions here are Mohammed and Ouedah, Egyptian equivalents of Bill and Ben the Flowerpot Men. They are in their 70s, they think, and have worked in the garden most of their lives. Mohammed is the chief gardener and Ouedah his assistant, although their polite manners, white turbans, grey moustaches and broken plastic shoes are so similar it is hard to tell who assists whom.

Mohammed introduced himself with the gift of a fragrant sprig of basil. Now, ladders and pruning hooks forgotten, we are sitting under a bower of flowering jasmine, smoking a water pipe, drinking glasses of sweet tea, and deliberating on the foreign policy of "Egeorge Ebush." Mohammed approves, Ouedah does not. I am more interested in a drum-beating, hand-clapping Nubian wedding party that is skirting the island in a *felucca*, the graceful miniature dhow of the Nile.

5pm. More hard slogging this afternoon, this time through the jammed bazaar. Camel caravans of slaves and gold may have disappeared, but this remains one of of the noisiest, most colourful, odorous and crowded market streets on the continent.

Here you can find glib young polyglot Egyptians in wrap-around sun-glasses selling tourists anything from stuffed baby crocodiles to bottles of bogus Chanel perfume. But on the whole this remains the genuine thing, a Nubian market used by local people for everyday purchases.

Under shady awnings that overhang the street there are oranges, lemons and tangerines sitting in tall, geometrically perfect pyramids. There are shops that specialise solely in dates; in one I counted 18 varieties. There are piles of bright red peppers and shiny purple eggplants; stacked baskets of green lentils, yellow corn and tawny millet rising tier upon tier; melon and pumpkin seeds for chewing and spitting; cages of fat pigeons and barrows of tripe; blocks of rock salt, rows of hookahs, bales of cloth.

The riotous profusion runs even to smells – odours of coffee, incense, drains, sweet tobacco, dried fish, sugar cane and a score of spices all blending in happy confusion.

Everything meets and mingles in this market – even races. The man sitting cross-legged on his vegetable barrow is an inky black colour. The ragamuffin on the shafts of a donkey cart is bricky red. The woman hawking brassware is a pale, eggshell brown. Aswan may no longer be the major trading crossroads between Arab and black Africa that it once was, but its legacy lives in its genes.

7pm. I am taking my revenge on the shoddiness of the Abu Simbel and drinking a gin-and-tonic on the riverside terrace of the *Old Cataract Hotel*. It is quite possibly the most beautiful place in the world to watch the sun go down. Long after it has sunk below the horizon, *feluccas* continue to glide and swirl on the river below like swallows on a twilight hunt.

10.30pm. A cold wind is blowing in from the Libyan desert, and it is as chilly now as it was at dawn. But the people of Aswan, swathed in heavy turbans and thick cotton gowns, are as hardy as they are sociable. At the outdoor cafés on the square by the railway station, business is booming. Water pipes are bubbling, tea steams from glasses, and from every table comes endless chatter and the rattle of dominoes and dice.

I have eaten two stuffed pigeons, been beaten three times at backgammon, and am going to bed. There are no rooms free elsewhere, so it is back to saggy beds, dodgy lifts and zombie waiters. But I do not mind. With an Upper Nile sunrise only hours away and just outside the window, how could I?

■ Nicholas Woodsworth travelled with British Airways which offers an excursion price to Cairo of £510 return. Tel: 081-897-4000.

A *felucca* on the Nile, gliding like a swallow at twilight. Photograph by Guido Alberto Rossi from *Egypt From the Air*, published by Thames and Hudson

Snapshot

Mexican mix that works

Sarah Anderson on why San Miguel is a good base for a break

AFTER the Second World War, 800 American GIs were sent to San Miguel de Allende, four hours north of Mexico City. Many of them married Mexicans, establishing the core of what has become the most successful mix of Mexicans and Americans in the country. The mix works because they genuinely like each other, whereas in other parts of Mexico Americans are often envied and resented.

The town has had its ups and downs. Built in 1542, San Miguel was a day's walk from the silver mines in Guanajuato. The countryside roundabout was fertile and had numerous hot springs, so many of the mine owners lived in San Miguel and built themselves fine houses.

To walk down a street is to gain little idea of the beauty of these houses. It is only when you pass through a door into gardens full of blue plumbago and bougainvilia and see lofty courtyards filled with hanging ferns that you glimpse something of the grandeur within.

Emperor Maximilian greeted the crowds from the balcony of the house where I was staying. The streets are cobbled and round every corner there are chuches with bells which chime in strange sequences throughout the night but which are oddly silent during the day.

Much of the day-time noise comes from the sprawling market in the centre of town. It is very much a working market. From the surrounding countryside, people bring their produce – tomatoes, radishes, carrots, potatoes, perhaps two or three avocadoes, a mass of gaudy gladioli, pinks, chrysanthemums. Cheap plastic toys jostle for place with imitation jewellry, leather shoes, embroidered cotton dresses.

There are many religious processions. The statue of the saint of the day is dressed in clothes and carried around the town by eight women, of all ages, dressed in black, who wear the label *Virgen* on their shoulders. When the statue returns to its church, it is greeted by Indian drums and Andean-sounding flutes, fireworks and firecrackers.

The mixture of Catholicism and Indian culture makes everything seem alive and vibrant. However, the real hub of the town is focussed around the *zocalo*, the Plaza Allende, which is shaded by bay trees. There is a small bandstand but mostly people come here to talk, to watch, and to court.

In 1938 a Peruvian set up an art school, Bellas Artes, in the convent which had been built for Josefina de la Canal in 1775. Josefina was the daughter of a man made rich by silver. At the age of 17 she decided to become a nun, so her father built her a convent, part of which still houses the *Concepcionistas*, an enclosed order.

San Miguel makes an extremely good base from which to visit other parts of the state of Guanajuanto. Ten miles away is the village of Atotonilco, which has a huge church. Adjoining it is a vast building where 4,000 penitents undertake eight-day retreats. Very few outsiders see this spooky place: when the penitents are there (50 weeks of the year) no one is allowed in. Conversely, once the penitents have committed themselves, they are not allowed out.

In the dusk, bats swoop and stray dogs roam the huge, damp, dank concrete passages which are the sleeping quarters and which contain nothing but an iron bar for hanging clothes. Complete silence is required; reading is not allowed. Men and women come at separate times. There are two meals a day. Beans, coffee and tortillas are cooked in black cauldrons by volunteers. As a further enticement, self-flagellation is recommended.

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HOW TO SPEND IT

Lucia van der Post reports on the growing appeal of one-off craftsmanship for the enlightened consumer

Blazer furnishes its one-off image

BLAZER has always been one of those cult stores whose influence was infinitely more important than its size. Started by David Krantz (who now is looking after his newest baby, the mail order clothing company *Racing Green*), from one shop in Golders Green in north London in 1979, it is now part of the Storehouse Group; it has 24 branches all over the UK and a niche in the hearts and minds of many a snappy man about town.

Its strength has been its commitment to understated, classic clothes of high quality with a distinctly English look – navy wool blazers, crisp Oxford shirts, cotton chinos. According to Robert Jenkins, its new young managing director, Blazer, largely because of its quality image, has not been as seriously affected by the recession as some more prosaic lines. Nonetheless, he says: "I wouldn't have liked to have lived through the last two years without the backing of Storehouse."

Given the brief by his masters "to make it gallop" he felt he had to do something. The first thing was to initiate some qualitative market research which revealed that the typical Blazer man reads the *FT* (wise fellow), *The Times* and *The Economist*. He also prefers Virgin Atlantic Airways to any other, takes two holidays a year (one skiing in the winter, one long-haul), drives a Golf GTI or a BMW and is likely to live in Fulham, Hampstead or Richmond.

It also revealed that as customers' spending power decreased, fashion had increasingly to compete with other things (like the skiing, the long-haul holiday and the cars), in particular with reasonably priced one-off design products, which were doing surprisingly well in an otherwise gloomy retailing scene.

It also emerged that 26 per cent of the adult population in Britain bought at least one example of British crafts during last year, and that the same number visited at least one crafts exhibition. From there Jenkins developed an idea of linking the Blazer shops with individual, distinctive, one-off craft pieces.

Having discovered that his customers disliked frequent sales ("it undermined their confidence in the product") he decided to generate interest and excitement in his shops by commissioning a piece of furniture from several distinguished designers. Each piece would feature prominently in one of the stores, and a brochure was produced showing each designer (almost all of whom were already Blazer customers) wearing some of the clothes.

The exhibition is shortly to finish, so anybody interested should hurry along to their nearest Blazer branch where every one of these pieces can be bought. Even if it has already been sold the shop can link designer and potential customer or client so other pieces in similar vein can be bought or commissioned.

In the meantime, the splendid brochure shows Designer Man looking very creative in a series of Blazer clothing, reaching out to creative directors, art directors, film directors, interior designers and showing that there is more Blazer than mere Yuppiedom.

Malcolm Temple, a painter turned furniture maker, for instance, is shown wearing a pinstriped suit teamed with a T-shirt and grey flannels and a classic blazer with a two-buttoned woollen polo shirt instead of a shirt and tie. Matthew Hilton looks arty and relaxed in jeans and informally formal in grey flannels, a blazer and a white polo-shirt.

So far this link between the shops and creative design looks to be very fruitful. Customers are interested, the designers have had some new customers and Robert Jenkins is already wondering what he will do next – paintings, sculpture? It will be something, you can be sure.

■ The promotion is currently on at Blazer shops in London in Derry Street, Kensington; 33a King's Road, SW3; Long Acre, Covent Garden WC2; New Bond Street, W1; 170 Oxford Street W1. Out of London: 8-10 Old Bond Street, Bath; 31a-32 East Street, Brighton; 10 High Street, Nottingham; 15 Hill Street, Richmond, Surrey. Above Bath Street, Southampton.

Above left: for summer, a taupe linen suit, single-breasted with a three-button jacket (£135), matching trousers (£60) and a plum linen shirt (£46). Above right: Malcolm Temple in a pin-striped double-breasted navy wool suit (£250) and a pure cotton T-shirt (£17.50). Above: a 3 ft high sculptural piece by Malcolm Temple, which he calls "The Poet's Head." Made of beaten lead and aluminium and carved and painted wood, it is part of a series starting at £800. He can be contacted on 071-373-0122

Inspired Indonesia

YOU MIGHT have thought there was hardly a corner of the world that had not been plundered of its most vibrant, charming, useful or desirable features. In London, the wares and cultural icons of most countries are displayed in one store or another. Liberty has, however, managed to find somewhere that manages to spring a few surprises: Indonesia.

Of course, such fabrics as the beautiful batik and ikat have been available in Britain (although in limited form) for some years, and anyone interested in design will be familiar with their rich patterns. But Liberty has managed to assemble a vast collection.

There are rare old batiks from the royal courts; expensive, naturally, and collectable. There are traditional batik designs in blue and white which can be bought by the length as well as a range designed specially for Liberty by Linda Garland, who uses old pieces of batik as her inspiration (all somewhere between £8.95 and £9.95 a metre). The fabrics also have been made into throws, cushions, and used as coverings for books, boxes and other daily objects.

Liberty's buyers must have had a high old time putting this collection together. They travelled into the heart of Java to find furniture which has survived generations.

There are benches made from huge slabs of teak; tables and armchairs hewn from a single piece of wood; wooden chests; beds on wheels; teak plates and bowls; and highly-decorative painted pieces. There are marvellous carved and painted small trunks – at around £95 each, and about 2½ by 1½ ft, they would make good coffee or lamp tables.

There is a very small collection of the highly sought-after Javanese furniture made by the Dutch East India Import Company (now known as V.S.O. Company furniture, and very collectable because of its rarity). For example, a large cupboard – about 8 ft tall by 4 ft wide, and useful for storing clothes or textiles – sells for about £995, while another matching pair is £1,500.

Less expensively, there is Balinese silver which, with prices starting as low as £10, is excellent value.

Those who have been to Indonesia will enjoy the exhibition for the memories it revives, as well as the beauty of the wares. Those who have not are likely to be charmed by this glimpse of another very different world. I suspect that few will come away without buying something.

■ *The "Indonesia" exhibition is in the basement of Liberty, Regent Street, London W1, until May 7.*

L v d P

Wayang puppet plays are one of the great Javanese art forms and two complete sets of puppets used in the Ramayana and the Mahabarat will be on sale – one of them can be seen here against a background of ikats

Crafted by design

I HAVE always suspected that many people nurture a lingering affection for things one-off, individual and quirky, but I have had no proof until now.

Elsewhere on the page, I report how Robert Jenkins of the Blazer chain was fascinated to discover that some 26 per cent of the population had bought a craft item in the past year, and the same number had visited at least one exhibition. I am not a bit surprised.

Whenever I go to them, I am always bowled over at the skills, the enterprise, the sheer creative talent on view. I am also nearly always amazed at the prices – how little each craftsman must be earning per working hour.

Very often, what they do is grossly underpriced – women, in particular, often do not cost their time properly, and men and women alike are often afraid of losing a customer for fear of costing realistically.

Not everything at craft fairs is wonderful and not everything will be to your taste. But at the best of the fairs, I guarantee that anybody who has never made the effort to go will be delighted by much of what they see.

One of the best of them – Creative Eye – is on at Chelsea Old Town Hall, King's Road, London SW3. There are about 100 exhibitors ranging from toymakers to jewellers, textile designers, glassblowers and ceramicists.

Everybody there has been through the needle's eye test of scrutiny by the Crafts Council, so standards are guaranteed to be high.

Although almost every kind of craft is there, this year seems to have encouraged a special emphasis on clocks and time-pieces. Marianne Forrest's wall clock (photographed here) – a marvellous piece, half useful, half sculptural – is just one of the many pieces. She also has a silver pocket watch, *La Poche*, darkened by oxidation, with bright gold detailing and inlay.

Two jewellers, Kim Ellwood and Mike Abbott have combined to produce some hand-made, steel wall clocks which start at £40, Desmond Ryan has done some in wood while Louise Slater uses plastic laminates.

The exhibition is on view, April 30-May 4, at Chelsea Old Town Hall, between 10am and 6pm. The £5 entry fee includes a colour catalogue.

Drinking glasses with glass stems, made by Claire Smith, £25 each

A Bordeaux worth watching

***Edmund Penning-Rowsell** tastes the little-known Côtes de Francs*

IN ALL but name, the Côtes de Francs are part of the Côtes de Castillon plateau, a mere six miles to the north of Castillon-a-Bataillеon on the Dordogne. To the east they look across to the Dordogne department. On the west lies the satellite St Emilion commune of Puissegin.

With only 500 hectares of vineyards, 20 estates, a small 40 member co-operative, and an average production of 20,000 hl, it is nearly the smallest of the Bordeaux AC districts centred on red wine. There are only three villages, almost hamlets: Francs, St Cibard and tiny Tayac.

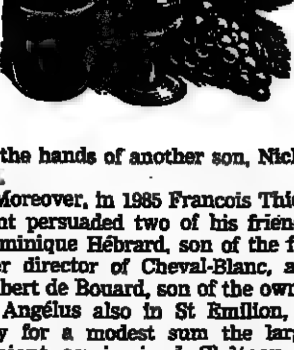
Until recently there was a fourth, Les Salles, which included the prominent Ch Belcier, owned by the Massif insurance company, but in 1989 Castillon secured the right to drop the word Bordeaux from its label. Les Salles joined it, and Belcier voluntarily followed it. A mistake, say some of the Francs growers – who tend to regard themselves as a little superior to their neighbours.

Yet the Côtes de Francs came to the fore only recently. Although an ancient vineyard area, it suffered the same near-oblivion as the Côtes de from the phylloxera era. Its appellation, Bordeaux Côtes de Francs, was granted in 1967, when it chose to retain Bordeaux on the label in the belief that, in the ever-growing world of wine, association with Bordeaux established a certain identity. Although similar to Côtes de Castillon wines, with the same clay-limestone soil and Merlot-Cabernet Franc-Cabernet Sauvignon vine composition, there is rivalry between the two.

Whereas the much larger Castillon is content to be included, by the *Conseil Interprofessionel* in Bordeaux, as one of the Côtes group such as Bourg and Blaye – one class up on generic Bordeaux – Francs claims that it is remote from these bigger districts, and that its wines are different. (This is certainly true.) It says it is really part of the Libournais.

Traditionally it was, with wines similar to St Emilion, as in adjoining Puissegin. In time, it hopes to persuade the authorities to accept this alliance.

Nevertheless, the development of the Côtes – described by one vineyard proprietor as "the last revolution in Bordeaux" – has been unusual, a state of affairs mainly set down to the distinguished Belgian wine merchant family of Thienpont. The head of the family, Georges Thienpont, had bought in 1924 the leading Pomerol estate of Vieux Ch Certan, still owned by the family. In 1946 his son, also Georges, bought a large mixed farm in St Cibard, and in 1980, on the clay-limestone plateau, he planted 30 ha of the common blend of 50 per cent Merlot, 30 per cent Cabernet-Franc and the rather large percentage of 20 per cent Cabernet-Sauvignon in the hitherto neglected vineyard of Puygueraud, which is now run by his son, Francois. This was followed, in 1984 – by planting in the same village – 10 ha of La Claverie and, in Francs in 1988, 5 ha of Charmes-Godard – both of them



in the hands of another son, Nicholas.

Moreover, in 1985 Francois Thienpont persuaded two of his friends, Dominique Hébrard, son of the former director of Cheval-Blanc, and Hubert de Bouard, son of the owner of Angélus also in St Emilion, to buy for a modest sum the large, ancient semi-ruined Château de Francs and its ill looked-after vineyard, planting 30 ha of Merlot (60 per cent) and 20 per cent apiece of the two Cabernets. The cellars have been restored, but the boarded-up château awaits a buyer.

Finally, the migration from St Emilion was followed by Patrick Valette, whose father owns Pavie, to 11 ha of La Prade vineyard in St Cibard. So a good deal of viticultural experience has been injected into the tiny district. (It is only fair to add that excellent wine is also made elsewhere here: for example in Moulin-la-Pitié and Massau, while the co-op produces a superior, pal-matured Duc de Seignade brand)

Another speciality of the Côtes is an AC which includes white wines, sweet as well as dry, neither of which is allowed in the Côtes de Castillon nor, of course in the large St Emilion area. So far, only Francs and Charmes-Godard have produced a dry white wine, for the Sémillon and Muscadelle grapes. The 1990 was the first vintage produced in very small quantities: aromatic, oaky wines of considerable body and flavour, very much on the lines of the "new wave" dry white Bordeaux. The sweet whites, only to be expected in very fine years, will be awaited with considerable interest.

The red wines are deep in colour, often rich on the nose, and concentrated on the palate: real mouthfuls of wine. The leading vintages are '83, 85', '86, '88 and '89. When in bottle, the '90 may well be exceptional. Puygueraud is what the French like to call the "locomotive" of the district. It's reputation began with the '85, although, surprisingly, its '83, (from only three-year-old vines) was remarkably successful. The vintage probably at its peak is the '85.

Of the wines I sampled on my recent visit, the '86 of Francs (its first proper vintage) had lots of body, and so did the '88, along with Moulin-la-Pitie and Puygueraud. The La Prade '89 had an elegant nose and long flavour, though the Francs, because of its prolific Merlot, was softer.

The '89 is now widely on offer there but, like the '88, is not to be opened for at least another two or three years, because they both are quite tannic.

On British lists, the Côtes de Francs are even rarer than the Côtes de Castillons; few Bordelais or British merchants visit them in any depth. But with the high-flyers of the Medoc, and St Emilion increasingly expensive, demand should rise for the relatively inexpensive, stylish Cotes de Francs wines – although with nearly half still sold in bulk to the Bordeaux trade, and thus losing its identity in blends, there is some way to go. Much will depend on the enterprising immigrant proprietors.

On lists now, Stokes Fine Wines, London, SW9 (tel:071-582-9265) offer Francs '88 at £84 a case; Tanners of Shrewsbury (0743-232400) have Lauriol '88 at £4.28 a bottle; Haynes, Hanson & Clark, London SW8 (071-736-7878) list La Prade '89 (£55.80 a case); and Lay & Wheeler of Colchester (0206-764446) offer La Prade '90 ex-cellars when bottled, at £43.92 a dozen – a duty-paid price of about £66 a dozen bottles.

Street Food / **Hilary de Boerr**

Takeaway porcupine

NGUYEN VAN CHUONG leant over the table and proceeded to break up the fish in the broth with his chop sticks. "The stomach is for you," my guide said, "a Vietnamese delicacy."

Something, thankfully, was lost in the translation, I later discovered. It was not stomach but bladder. It was not unpleasant, having taken on the flavour of the soup. And even if it had been, the delicious tastes of the juicy white fish itself and the accompanying spicy prawns would soon have made up for it.

That first meal in Ho Chi Minh City (formerly Saigon) – at a kerbside restaurant with as many cats as patrons – was just one of many based around soup. Noodle soup with quails eggs for breakfast, rice spaghetti soup with pork for lunch, spicy beef soup with noodles and broth for dinner.

The soups – a national dish of Vietnam – provide a hearty and readily available meal. In every village, town or city in southern Vietnam, privately-run road side stalls and cafes provide the Vietnamese equivalent of fast food. A plateful of fresh herbs and vegetables to put in the soup – like mint, coriander and bean sprouts – a few chillis, and a pot of tea make it a meal. A Coke or beer can increase the price of lunch almost six-fold to about 60p.

Much of Vietnam's daily life takes place on the street. Vendors hawk rice squares wrapped in banana leaves, soya bean cakes, carved pineapple pieces and bread rolls.

One of the joys of Vietnam is the abundance of seasonal fruits and vegetables. There are the usual – such as watermelon, mangoes, strawberries, oranges, avocados and artichokes – and the less familiar; jackfruit, a pendulous affair the size of a football containing thick perfumed orange petals; and *muop*, a long pale green vegetable, the flavour of which reminded one diner of wet swimming towels left rolled up for several days.

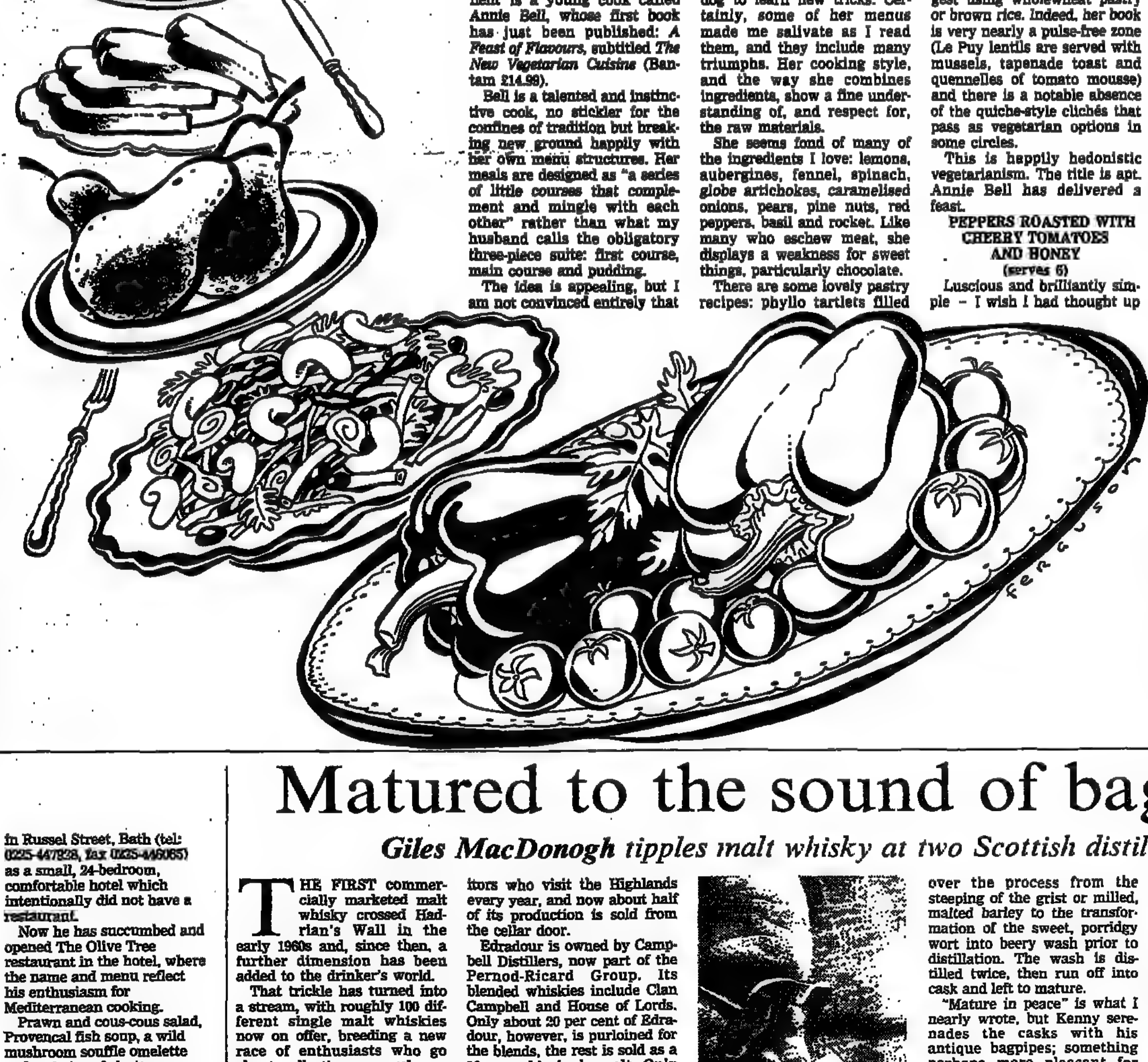
Much of it comes from Dalat in the Central Highlands, a temperate area famous as a retreat during colonial rule. Early in the morning, farmers bring their fresh fruit, vegetables and flowers to Dalat's central market.

Splashing out in Vietnam means spending maybe £3 at one of the big hotels in Ho Chi Minh City. The Rex Hotel's rooftop bar offers a wonderful view of the city – and a pleasant escape from the noise and heat of the streets below. Work your way through the delicious and refreshing fresh fruit juices – pineapple, mango, strawberry, orange and even avocado.

Experience shows that it is best to order food at least half an hour before hunger strikes. When it finally arrives, the prawn and pork salad is mouthwatering – a huge dish packed full of prawns seasoned with lemon grass and a basil-like herb called *rau ram*. If the waiter remembers, it might also be accompanied by *nuoc cham*, a fermented fish sauce mixed with sugar, lime juice, vinegar, shallots, garlic and carrot. *Nuoc mam*, the concentrated version, accompanies most Vietnamese meals on one form or another. It is to the Vietnamese what soy sauce is to the Chinese.

Vietnam's long coastline and the mighty Mekong River mean the country is well served for seafood and fish. At the dinner table, prawns come wrapped in rice rolls *(cha gio)*, moulded on sugar cane sticks *(chao tom)*, or battered and fried. Deep-fried soft-shelled crabs, which can be eaten whole, can be rolled in lettuce with fresh mint leaves and dipped in *nuoc cham* or chilli sauces.

Adventurous palates are well served in Vietnam. Cobra, python, porcupine, frog and bats can be found in specialty restaurants. The Rex Hotel serves up sea slug with pig's trotters, while at the Seri Hotel in Bao Loc – a pretty town on the way to the Central Highlands – underemployed waiters will bring you sea leech with deer's leg for about £1.30.



Cookery

Recipes to stir the pulses

*Vegetarianism has come of age, says **Philippa Davenport***

VEGETARIANISM has come of age at last. Gone are the deadly-serious pulse and wholegrain menus that lay like lead on the stomach and depressed the spirit of those who did not worship at the altar of the health food religion.

New-wave vegetarianism is concerned not with cant but with the pleasures of good eating without meat. Red meat, that is: fish remains on the menu for many and game and poultry for some. The new style is generous of spirit, full of *joie de vivre*, rich in textures, bursting with fresh tastes, often robust but also capable of lovely subtleties.

The most exciting new exponent is a young cook called Annie Bell, whose first book has just been published: *A Feast of Flavours*, subtitled *The New Vegetarian Cuisine* (Bantam £14.99).

Bell is a talented and instinctive cook, no stickler for the confines of tradition but breaking new ground happily with her own menu structures. Her meals are designed as "a series of little courses that complement and mingle with each other" rather than what my husband calls the obligatory three-piece suite: first course, main course and pudding.

The idea is appealing, but I am not convinced entirely that some of her menus are practicable. It is all very well for caterers and chefs (she is a caterer) to continue working behind the scenes as a meal progresses, and to deliver an extra little dish here and there. But most home cooks, surely, want to hang up their aprons when the doorbell rings and spend the evening with those gathered round the table.

Perhaps I am just too old a dog to learn new tricks. Certainly, some of her menus made me salivate as I read them, and they include many triumphs. Her cooking style, and the way she combines ingredients, show a fine understanding of, and respect for, the raw materials.

She seems fond of many of the ingredients I love: lemons, aubergines, fennel, spinach, globe artichokes, caramelised onions, pears, pine nuts, red peppers, basil and rocket. Like many who eschew meat, she displays a weakness for sweet things, particularly chocolate.

There are some lovely pastry recipes: phyllo tartlets filled with parsley purée and grilled courgettes; scallops and artichoke bottoms in puff pastry with a purée of roasted garlic; and a rhubarb tart that throws all pre-conceived notions of rhubarb tart out the window.

Some of the dishes that attract me most are beautifully simple: wilted spinach with hazelnut oil and pomegranates; wild rice and fennel salad; peaches baked on brioche with a sabayon sauce; and the two I quote below. Her recipe for stuffed peppers is far and away the easiest I know to prepare – and it is one of the best stuffed pepper dishes I have eaten.

Here is a vegetarian cook who is not shy of butter, cream or eggs. She does not once suggest using wholewheat pastry or brown rice. Indeed, her book is very nearly a pulse-free zone (Le Puy lentils are served with mussels, tapenade toast and quennelles of tomato mousse) and there is a notable absence of the quiche-style clichés that pass as vegetarian options in some circles.

This is happily hedonistic vegetarianism. The title is apt. Annie Bell has delivered a feast.

PEPPERS ROASTED WITH CHERRY TOMATOES AND HONEY
(serves 6)

Luscious and brilliantly simple – I wish I had thought up this recipe myself. Bell advises that the peppers are best served warm, and suggests using a mixture of red and yellow vegetables to create a harlequin effect.

Ingredients: 3 red or yellow peppers; ¾ lb red or yellow cherry tomatoes; 3 teaspoons honey; olive oil; flat-leafed parsley to garnish.

Method: Cut the peppers in half from stem to base, leaving the green stalk attached. Remove the seeds and pith. Halve the cherry tomatoes and fill the pepper cavities with them. Dribble over the honey and a little olive oil.

Season with salt and pepper and bake in a very hot oven for 20-30 minutes until the peppers are wilted and patched with brown. Serve garnished with chopped parsley.

As the peppers cook, the juice from the tomatoes combines with the juice from the peppers, merging with the honey and olive oil into a heavenly liquid which demands that a loaf of good bread is at hand.

CHAR-GRILLED FENNEL WITH FRESH HERBED CHEESE
(serves 6)

Ingredients: 3 fennel bulbs; 1 lb ricotta or fresh cream cheese; 2 dessertspoons finely-chopped chervil, chives, parsley, fennel, lovage; good Italian olive oil; lemon juice; 6 slices coarse-textured white bread, char-grilled on a stove-top griddle just before serving.

Method: Combine the cheese and herbs in a bowl. Shape the mixture into a square or cylindrical log about 7in long, cover, and chill until required. Quarter the fennel bulbs by first cutting them in half vertically, slicing between the shoots, then cutting each half in half, again vertically. Nick off any excess root, leaving enough to hold the layers together.

Steam the fennel for 5-7 minutes. Pat it dry and brush with olive oil. Season and char-grill for 20-30 minutes until it starts to char in patches. Squeeze lemon juice over the fennel. Serve it with slices of the herbed cheese, olive oil trickled over and a sprinkling of salt, plus the char-grilled bread.

Appetisers

IF, like me, you dread the weekly visit to the supermarket – all that queuing and heavy shopping bags – then you will be pleased to hear, if you live in London, that The Food Ferry Company has come to the rescue. If you order £20 or more worth of goods – not difficult these days – it will deliver your shopping for an additional £2.50 (£3.50 for those with an 081 telephone number). Prices look fair – about 5 percent more than the local supermarket. Ring 071-498-0827 for a loose leaf directory of more than 1200 product lines (which is updated regularly) and then you can order your groceries on the phone, by fax, or even by remote control (if you have Westminster Cable TV.) The Food Ferry Company will be on your doorstep that same day, and it will deliver between 5.30 pm and 9 pm. *Lucinda de la Rue*

■ ■ ■

ANY visitor to the West Country or Bath in particular will benefit from the fact that Stephen Ross has returned to the kitchen.

Ross made his name at Popjoys in Bath in the 1970s, and then at Homewood Park, one of the most successful country house hotels of the 1980s.

After selling Homewood Park he and Penny, his wife, opened The Queensbury Hotel in Russel Street, Bath (tel: 0225-447928, fax 0225-446065) as a small, 24-bedroom, comfortable hotel which intentionally did not have a restaurant.

Now he has succumbed and opened The Olive Tree restaurant in the hotel, where the name and menu reflect his enthusiasm for Mediterranean cooking.

Prawn and cous-cous salad, Provencal fish soup, a wild mushroom souffle omelette and a choice of risottos are just some of the dishes.

Open lunch and dinner, Tuesday-Saturday; about £18 for three courses and coffee. Set price lunch is £12.50. *Nicholas Lander*

Matured to the sound of bagpipes

***Giles MacDonogh** tipples malt whisky at two Scottish distilleries*

THE FIRST commercially marketed malt whisky crossed Hadrian's Wall in the early 1960s and, since then, a further dimension has been added to the drinker's world.

That trickle has turned into a stream, with roughly 100 different single malt whiskies now on offer, breeding a new race of enthusiasts who go about collecting new releases with the same passion as children used to spot trains.

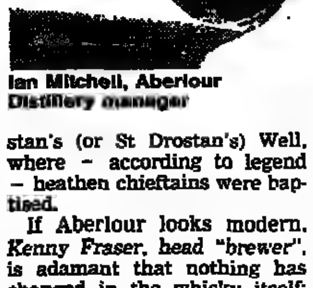
To the best of my knowledge, none of the commercial blends has suffered at the hands of single malt whisky; indeed, almost all the distilleries are owned by companies possessing at least one branded spirit. Now we can approach whisky almost as we enjoy varieties of good wine.

I should be happy to see more. Many distilleries remain closed as a result of rationalisations which took place in the industry a generation ago. This is particularly true of the whisky stills on the islands, which were too remote to have even a tourist industry to support their continuation. Scotland's smallest distillery, Edradour, near the old spa-town of Pitlochry, has known how to benefit from the streams of visitors who visit the Highlands every year, and now about half of its production is sold from the cellar door.

Edradour is owned by Campbell Distillers, now part of the Pernod-Ricard Group. Its blended whiskies include Clan Campbell and House of Lords. Only about 20 per cent of Edradour, however, is purloined for the blends, the rest is sold as a 10-year-old single malt. Only about 2,000 cases are made annually on the distillery's two small stills. Everything is small scale in the buildings which cluster on either side of the Edradour spring.

Since 1966 all the whisky has been run off into casks formerly housing oloroso sherry. By 1996 this "sherrying" process will be complete, and the Edradour, like the more famous Macallan, will be a 100 per cent sherry-wood malt.

Campbell Distillers' other malt, Aberlour, produces more than 50 times as much whisky as Edradour. Although it is only a stone's throw from the Spey it has little of Edradour's charm. The first licensed distillery on the site burnt down at the turn of the century and the new buildings are dour and functional. The only historical charm is provided by St Dun-



Ian Mitchell, Aberlour Distillery manager

stan's (or St Drostan's) Well, where – according to legend – heathen chieftains were baptised.

If Aberlour looks modern, Kenny Fraser, head "brewer", is adamant that nothing has changed in the whisky itself: "We still make whisky as we did 50 years ago, although it's a little more sophisticated," he says. Computers now watch over the process from the steeping of the grist or milled, malted barley to the transformation of the sweet, porridgy wort into beery wash prior to distillation. The wash is distilled twice, then run off into cask and left to mature.

"Mature in peace" is what I nearly wrote, but Kenny serenades the casks with his antique bagpipes; something perhaps more pleasant for Scotch whisky than it would be for most people living on the other side of the border.

Kenny arrived in 1970, so all the Aberlour currently on the market was reared in this way. I am happy to say that he put down his pipes in order to put me through a tasting of Aberlours and Edradours at different stages of their development from the new-run spirit to the 1969. I have always found new whisky rather attractive with its smells of pears, raspberries and bananas. It is hard to tell that it is not fresh, fruit schnapps until you taste the cereal character on the palate.

About 10 years ago, malt distillers began to re-use Bourbon casks to house Scotch whisky. Now malts fall into two main styles: those which derive their mellowness from years in Kentucky oak and those which absorb a sweet, raisiny character from ageing in old *oloroso* casks from Jerez in Spain.

The straight, 10-year-old Aberlour has a strong nutty, buttery character with a bouquet of raisins and dried apricots which marks it out as a sherry-wood whisky. Edradour is rather sweet, with a taste of honey and walnuts; a real after-dinner whisky. More recently Aberlour has released two superb 21-year-old whiskies: a 1969 and a 1970. These are perfect illustrations of the two schools.

The '69 is all sherry-wood and smells like rich fruitcake with a hint of smokiness. More of a whisky-drinker's whisky is the '70, the first made by Kenny Fraser. This was housed in Kentucky casks, giving it a nutty, cereal character with a porridge-like smell recalling the wort. These are two whiskies which will make admirable additions to a collection.

■ Information: Edradour is open to visitors all year. Tel: 0796-2095. Around 3,600 bottles of the numbered 1969 Aberlour will be sold from duty-free shops only. Some of the 8,000 bottles of the Aberlour 1970 will be available from specialist merchants.

MINDING YOUR OWN BUSINESS

Potted treats: Bob Baxter in his shop at Morecambe in lancashire

Mike Arron

Peeled in the pink with pride

Nicholas Lander meets the Lancashire producer of a British seafood delicacy

WHEN YOUR product has been made by the family business since 1799, bears the name of your home town on its label, and has earned two Royal Warrants as purveyors to Their Majesties The Queen and The Queen Mother, pride in the product is justified.

Bob Baxter, proprietor of James Baxter and Son, Morecambe Bay, Lancashire, hopes he has pride in his product sufficient to see off the two new threats to his speciality food business (and to many similar businesses throughout Europe): EC interference from Brussels, and the wave of new food legislation which seems to make no distinction between small, independent food producers and industrial giants.

His family – thanks to the combination of a fishing grandfather and a grandmother on the commercial side – monopolised the Morecambe Bay fish trade. Until the early 1950s Morecambe was an important seaside location: weekend trains in the summer season disgorged 800 visitors every 15 minutes at Morecambe station. The Baxters ran wet fish shops, five large restaurants, fishing boats and a famous potted shrimp business.

As a lad, Bob Baxter used to look on to a bay filled with more than 100 small fishing boats; on my visit there were just six. He has spent 45 years in the family business, selling the retail outlets ahead of Morecambe's decline as a seaside resort; he now runs a business with a £500,000 turnover which includes more modern frozen foods, but it still produces the traditional potted shrimps.

The shrimps live in the sandy estuaries of the rivers between north Wales and the Solway Firth. Baxter only buys those trawled by professional fishermen in the traditional 25 ft boats.

Twenty stone of shrimp is a good catch for the eight-hour voyage. Once on board, the shrimps are cleaned and cooked in boiling sea water. Later they are hand peeled by the fishermen and their wives in approved premises, then delivered to Baxter.

Kathleen and Doreen, with more than 35 years' experience between them, take over. In a small room, no bigger than a domestic kitchen, the shrimps are re-cooked in small batches in spiced butter – the recipe is a trade secret – and allowed to cool. Then 2oz cartons are filled with 1¾ oz shrimps each, and ¼ oz butter lovingly spooned across the top to seal and protect the contents.

The process is swift: out of the sea and into the pot in a maximum of 36 hours. It is simple, too: there is only one quality standard. Asked by a potentially important customer to produce potted shrimps to a slightly lower specification, Bob Baxter refused.

> *The shrimps are boiled on board in seawater, then hand-peeled*

On a busy day Kathleen and Doreen fill 750 pots; in a good year, 150,000. In the past, the weather was the biggest obstacle – not merely storms, but changes on the sea bed occurring every eight years. In 1991 the shrimp catch was reduced by 40 per cent.

Baxter now feels that the obstacles are multiplying, and that they are increasingly man-made. Like most professional food handlers he cares about hygiene and safety: the shrimps are regularly analysed by an independent laboratory, and his formica-topped tables were replaced by stainless steel long before any directives appeared. But he has no truck with the sentiment expressed by a government health official, that the main drive for quality should be fear of prosecution. For Baxter, the priorities are a good product and a satisfied customer.

Last year, as recession was also affecting sales, two new obstacles materialised. First, the EC decided to classify the one-man 25ft trawling boats as "factory ships." Although not yet passed into law, this directive could lead to the end of the immediate boiling of the shrimps in sea water, an important part of the traditional process. Instead, the small fishing vessels would be required to carry huge quantities of fresh water and ice on board.

Then the new Food Safety Act, by initially proscribing mail order business and stipulating that all deliveries to wholesalers be made by refrigerated transport, threatened to break the contact between Baxter and his customers. The second stipulation means that he can no longer supply his retail or restaurant customers with fresh potted shrimps; they now have to make do with frozen shrimps. (There is, though, no significant difference in taste: at certain times of the year the shrimps are frozen to ensure a constant supply.)

Fortunately for all small-scale UK food producers, the ban on mail order business was lifted, allowing it to continue to the "end-user": the private customer. For Baxter this was critical: local trade now accounts for only 5 per cent of his entire production. In late 1991 he placed an advertisement in a national newspaper, offering ten 2oz pots at £19.90 inclusive of packing and postage. £4,000 worth of new business was the result.

There has been speedy repeat business from grateful customers. If he can maintain momentum, Baxter plans a small modern unit to handle mail orders.

■ *James Baxter & Son, Thornton Road, Morecambe, Lancashire LA4 5PP. Tel: 0524-410910.*

Look east for the quota problem

Tony Huckle with a tale of frustration over international textile regulations

It all seemed so easy. Carolyn Whitwell had a shop in Bristol ready to open. She had supplies of clothing ready to transport from India. She had never even dreamed of the existence of the multi-fibre arrangement (MFA).

The MFA governs world trade in textiles. In practical terms it means that if you want to export clothing from India you need "quota" – approval from the Indian authorities.

The origins of Carolyn's business lie in a twinning arrangement between the Bishopston district of Bristol and the south Indian village of K V Kuppam. The people of Bishopston asked those of K V Kuppam what they most wanted. The answer came back: jobs.

An enterprise began, involving at first six tailors in India. K V Kuppam is in a cotton-growing area with a traditional village textile industry. Carolyn and her partner, Jaki Collard, supplied sample garments, and within weeks the first products were ready.

Carolyn, a former nurse, had put herself through a business course at Bristol University. She had no experience, but a lot of enthusiasm, and some luck. A £1,500 insurance payout after her home was burgled provided some working capital.

Then they heard about the quota. "We knew nothing about international trading," said Carolyn, "and we couldn't get our clothes out of India without quota."

Carolyn learnt that a quota was awarded on the basis of past export performance. "So how did new exporters get started?" Nobody knew – or nobody who knew was telling.

In desperation, Carolyn rang everyone she could think of who might help. No one wanted to know. Finally a friendly response from clothing retailers Oasis Trading referred her to its Delhi agent.

From the agent Carolyn learned of "sample quotas". You could export 25 garments every 10 days, as samples. Form two companies and you could export 50 items every 10 days. Then there was "first-come-first-served quota," awarded to those who put in the highest bids. And once established, you qualify for "past performance quota."

Anomalies abound. Carolyn can never get enough dress quota. Why? Because other exporters pass off long T-shirts as dresses to get round the shortage of shirt quota. One wheeze she discovered was to package jackets and trousers together and call them a suit: two garments thus pass as one item.

Eventually that first day of trading arrived. "I was intoxicated," she said. "Then we ran out of stock after three weeks." With 1,000 members of the Bishopston Link there was no problem finding customers or staff for the shop. But obtaining sufficient supplies was another matter. The Delhi agents were far from K V Kuppam in south India. And they had to be paid months in advance. In K V Kuppam, delays meant the village ran out of money to pay for cloth and the tailors. In Bristol, garments had arrived in the wrong season.

At the end of the first year, all there was to show for the months of struggle was a £15,000 loss. "That was our worst point," said Carolyn. "But we could see why we had made a loss. The clothes had all arrived at the wrong time and we had too much stock unsold."

The next year they concentrated on improving quality. The village tailors were used to making garments as fast as possible to maximise earnings. They had to be persuaded they would be paid the same for making fewer but better items.

By the third year Bishopston Trading, propped up with a bank loan, a second mortgage and funds from Carolyn's grandfather, finally broke even.

Again, a friendly tip from a big company had come to their aid. The Delhi agent was too far from the village, but P&O responded to a call from Carolyn and put her in touch with its own shipping agent in nearby Madras. This modern, efficient, big-city agent was a world away from the primitive village industry, but it agreed to take on Carolyn's little business. Some staff knew nothing of village life, but in time the agents almost took the role of managers, providing the on-the-ground control that was so hard to supply from a distance.

Last year the agents came to the rescue when the workforce, by now 70 tailors and 140 handloom weavers, threatened to strike. What had seemed from Bristol like a coming together of two communities – albeit a rich one and a poor one, with a hefty dose of paternalism – seemed different from the viewpoint of the Indian villager. Far from feeling humbly grateful to western benefactors who had created so many jobs, Carolyn's workforce was beginning to exert a little trade union muscle. Unknown to her, her workers had been organised by a communist activist, and were demanding huge pay rises.

Carolyn refused to pay, insisting that she was not an employer, simply a benevolent buyer. With mediation from the Madras agents, a 20 per cent rise was eventually agreed.

Today the business has a turnover of £250,000, with three shops, sales through the Oxfam catalogue, and other outlets.

Carolyn readily admits to breaking all the rules of business. She does not share the usual business motivation – making money for herself: only recently she raised her own pay to £4 an hour. And profit is a secondary factor after fair wages and prices, and creating employment – although in the last full year she made £15,000.

The export quota rules remain a bugbear and a constraint on growth – and likely to remain so, with the Gatt talks on reforming world trade edging closer to failure.

■ *Bishopston Trading, 193 Gloucester Road, Bishopston, Bristol. BS7 8BG. 0272 245598.*

Computing/David Carter

Accounts in speedy detail

YOUR sales invoices contain the details of everything you have ever sold, your purchase invoices contain the details of everything you have ever bought.

Recently I looked at the new type of sales and purchase ledger packages which, when you enter an invoice, aim to capture all that vital sales and purchase information in the greatest possible detail, enabling you to build up sales and purchase history databases.

The new ledger packages allow you to store and display far more information for each invoice. A listing of all invoices on an account will give an entire history of everything you have sold to that customer, which before would have been impossible.

To record sales and purchase invoices in this detail demands a lot of disk space. It is only with the advent of unlimited disk storage that this has become feasible. The potential is exciting, but as hundreds or thousands of records build up in the sales history and purchase history, the problem arises: how do you find your way around all this data?

Suppose, for example, you have 20,000 transaction records on your sales history. One thing you will want to do is to find, quickly, one particular record. This facility, sometimes called "serial number/batch tracking" is essential for companies who must be able to keep track of everything they have ever sold, such as computer companies, or drug manufacturers.

If you wanted to find out which customer purchased that Deluxe Spoon, serial number 123456, and when. It would be a long job to call up those 20,000 records one by one and try to find it yourself. The computer can do the job for you by means of a "string search". You simply ask it to search through the all the records, and find any record where the Description field contains the character string "123456". For a 20,000 record file this might take about 30 seconds.

Apart from finding individual records, you need to analyse the information in the sales and purchase history. Anyone who has ever had experience of a large database on computer will know that the key to analysing it is to be able to sort and search by reference to codes. The more codes you have attached to each record, the better.

The new ledger packages handle this neatly. When you first want to do business with Hotel XYZ, you must set up their account details in the sales ledger. It invites you to fill in not only their name and address but certain codes such as account code, area code, salesman code and so on.

Similarly, when you set up a new product record for Deluxe Spoons, you fill in not only the description and price but also codes such as product number, and price category.

As each invoice line is entered on to the ledger, the computer automatically retrieves the codes associated with this customer and this product, and adds them to the newly created sales history record. So, without any effort on your part, all the records in your sales history are automatically coded by salesman, area, price category and so on, ready for you to make your enquiries. You simply tell the computer: "Find me all the spoon sales made to anyone in the hotel industry in the north-west of England in the first six months of 1992." Obediently it zips through 20,000 records and comes up with the six that meet these criteria. All in 10 seconds flat.

There are a only a few of these new ledgers on the market, most introduced during the last 12 months. In my last column I mentioned Business Manager, a budget range package from Pegasus, a bargain at £299. This creates the sales and purchase histories but does not transfer the codes from the customer and product records. One of the new packages which does code the history records is Sequel, a mid-range package developed by the ex-boss of Pegasus.

■ *Sequel can be ordered by telephone: 08015-466.*

■ *David Carter is a consultant in information systems for small businesses. Tel: 0727-813447.*

WEEKEND FT SPECIAL REPORT – LANGUAGE COURSES

A beginner's guide to Japanese

Sir Peter Parker presents his own 1992 Award for Spoken Japanese to Peter Woodland, of Alps Electric UK

Marilyn Bentley examines the problems of learning one of the 'difficult' languages

EUROPE'S conception of Japan is changing: from "difficult" market to that of important trading opportunity. Japan's former protectionism has shifted to an equally vigorous internationalism, and there is increasing scope for more complex commercial relationships, strategic partnerships and technological exchange.

In the spring of 1991, the UK's Department of Trade and Industry, together with a committee of leading industrialists, launched Priority Japan, a consciousness-raising exercise with specific economic goals: to assist an increase to £5bn in annual sales to Japan in three years, and to narrow the balance of trade.

As commercial links between Britain and Japan increase, so does the demand for Japanese language as a working tool. Learning Japanese indicates a serious commitment to doing business in that country.

Many of the most imaginative business language training initiatives in the UK are coming from the public sector. A DTI pump-priming fund of £1.6m over four years, to be matched by private funding, was established in 1989, to support business-oriented intensive language courses which include a substantial period of study in Japan. (See box)

The courses are intended for high flyers; graduates and/or people with several years' business experience. The University of London's School of Oriental and African Studies (SOAS) offers a one-year programme combining intensive language study with a survey of the contemporary Japanese economy. 'Business in Practice' brings participants together in seminars led by people from sectors such as pharmaceuticals, energy, electronics and finance, who are working at a senior level in companies doing business with Japan. The fourth component of the course is a three-month work placement in Japan, giving practical insight into how business functions.

The Scottish Centre for Japanese Studies at Stirling University runs a similarly intensive year-long programme, including three months' study at the Graduate School of Policy Science at Saitama University, with a further optional three months' work placement in Japan. The Centre utilises some imaginative computer software, designed for the course by Richard Harrison, to reinforce tuition and assist individual study.

The structure of Japanese is simpler than many European languages, and it is not necessary to be skilled in script in the early stages in order to speak and understand. Most native English speakers find Japanese easier to pronounce than, say, French.

A more serious difficulty is to master the appropriate "register", or level of formality, with which to address and respond to interlocutors. The SOAS course emphasises the relationship between Japanese language and culture. "In class, participants are expected to behave in a Japanese way from the word go, and the lectors are very strict about that," explains Wendy Moor, the project co-ordinator. "It is important preparation for when they go to Japan and work there. The protocol and etiquette of Japanese business life are absolutely vital. You can't really separate culture and language."

The courses are taxing. The demands, not only of an unfamiliar language, but also of an unfamiliar discipline, place strain on the students. "The most intelligent, articulate, open-minded person will still have problems," admits Wendy Moor. "Everybody's pulled through so far, but it's been tough."

Course providers in both the public and private sectors agree that between nine months and a year of intensive study is required to reach a level at which one can expect to converse in most business and social situations. This inevitably poses problems for companies. Many staff who need to learn Japanese will be senior personnel, and not readily spared for long periods.

But companies with a serious "Japan strategy" are making the commitment. Cable & Wireless, for example, is planning to train one employee per year on the SOAS programme for the next ten years, spearheading a continuing Japan development programme, and building the training into the career structure of suitable personnel. New corporate sponsors for the SOAS course starting this month include the Oracle Corporation, and Sotheby's.

The insight which staff gain through knowledge of the language is worth the investment, according to Dr Clive Morton of the engineering company Komatsu UK. "The logic of it is that they learn the Japanese approaches," he says. "They can understand where Japanese engineers are coming from, in particular in terms of their design activity and production improvements."

But while government and industrial leaders are ringing in their exhortations, many at grass roots level are less than convinced they need to act. "We've been quite disappointed at the reaction of many companies," says Wendy Moor. "Some simply don't have any idea of what it is to learn Japanese at business level. They still think you can learn by having once-a-week evening classes."

There is no objective evidence on whether this reluctance is recession-led, or due to a lack of corporate imagination. But Wendy Moor feels that more must be done to change their minds. "I think it's a question of educating companies into what we're trying to do," she says. "They should have a Japanese approach in how they train their staff - in a nutshell, long term. The Japanese think ten, 20 years ahead. And in Britain especially, that's not how we think at all. That's why we're getting behind. We're losing the race."

JAPANESE LANGUAGE/ BUSINESS COURSES SPONSORED BY THE DTI

Bath College
■ 1 year postgraduate
In Japan: 5 months;
2 months at university,
3 months industrial placement
Contact: Julie De Looze 0225-874148

Essex University, Contemporary Japan Centre
■ 1 year postgraduate
In Japan: 3 months at university,
1 month industrial placement,
1 month to write dissertation
(in Japan or UK)
Prof Ian Neary 0206-872543

London University, SOAS
■ 1 year postgraduate
In Japan: 3 months,
1 month at university,
2 months industrial placement
Wendy Moor 071-637-2388

North West Centre
■ 1 year postgraduate,
(taught as second year of an MBA
with diploma in Japanese,
ie two years in total)
In Japan: 6 months;
3 months at university,
3 months industrial placement
Dr Nigel Campbell 061-275-6466

Sheffield University, School of East Asian Studies
■ 1 year postgraduate
In Japan: 3 month industrial placement
Mr Graham Healey 0742-768555 ex 4384

Stirling University, Scottish Centre for Japanese Studies
■ 15 month postgraduate course
In Japan: 3 months at university, 3 month industrial placement (optional)
Jenny Morris 0706-73171 Ex 7575

Business looks out for the linguists

BRITISH business is in no doubt about the need for a multilingual work force. Participants in a recent report by the Institute of Manpower Studies* considered that a lack of language skills restricted the pattern of trade, led to misunderstandings and stress, and prevented business activity in certain countries.

But a gulf exists between the perceived needs in British companies, and the action necessary to meet them. The same IMS report concludes that "in most companies, few employees received language training."

Those who do are likely to be the recipients of brief, total immersion programmes. Linguistic short-termism is widespread in British boardrooms.

Intensive courses, while arguably the most effective way to learn a foreign language, are also the most expensive - particularly if the skill acquired in the heat of secondment to the Bonn office is lost within months of a return to the UK.

Knowledge of a foreign language, like any skill acquired through training, will atrophy unless put into practice and sustained. Yet few British companies provide a culture in which staff are encouraged to *maintain their hard-won competence.* Positive corporate initiatives are needed to ensure that language skills are maintained at an operational level:

■ Conduct a language audit. It is essential to know who can do what. This may seem obvious, but companies often reveal a surprising ignorance of their current language resources. One participant in the IMS study discovered that the employee with the highest degree *of language competence was the* Polish gardener.

■ Design programmes: There is a confusing variety of material and methodology available, from simple *"get-by" texts and cassettes to* sophisticated interactive video courses. Different learners have different needs, and no-one benefits from a random selection. A competent training provider will assist in the design of programmes to meet specific objectives and circumstances.

■ Set realistic goals: Continuing study should be geared towards appropriate achievements. Maintenance at a given level of fluency is a realistic aim; rapid progress is not.

■ Provide motivation: Few staff will take the trouble to maintain a skill for which there is no perceived need. *Use of the target language* - on occasional overseas trips, for example, or in monitoring the foreign media - should be built into the work structure. "It is back to career planning," says Gavin Barrett, international marketing director of Sundridge Park Management Centre. "But a bit more planning will pay off handsomely."

Mr Barrett's organisation provides continuous language support for all those likely to have international involvement. Even employees without front-line contact are encouraged to join the same programmes, as part of their self-development.

Staff at Sundridge Park are given a choice of which language they would like to study. At present, the mainstream second language is French, with some Spanish and Italian, and Russian at a basic "survival" level. As well as expert tuition "bought in" from outside providers, and specific training in the vocabulary of their industry, staff meet with others at a similar level of fluency for "du pain et du vin" working lunches, using the language in an easy, idiomatic context.

The core of the training takes place in company hours, but at a time least likely to disrupt normal *work. Employees are encouraged to* spend extra time on study, by the funding of books and materials. Requests for more focussed tuition are considered individually.

The overall attitude of the company is supportive. "Self-study requires exceptional motivation," says Barrett. "Unless the organisation sustains the motivation and the morale, it can be a lonely path."

But he is clear, too, about the pay-off in corporate terms: "We have a strong operational need to deliver abroad, and it is imperative to deliver in the target language. It is part of our vision of being a leading provider in business management. Languages are part of that."

■ *IMS Report No. 215: "Foreign Language Needs of Business", Institute of Manpower Studies, Mantell Building, University of Sussex, Falmer, Brighton BN1 9RF.*

Marilyn Bentley

The rotten truth behind the five-ring circus

By Michael Thompson-Noel

THERE ARE two ways of looking at the Olympic Games – or 20, or 200. But let us stick to two, lest madness overtakes us.

The first way is to accept the propaganda peddled by the International Olympic Committee (IOC) in Lausanne and imagine, just for a moment, that the Olympics really are about youth, sport, peace, brotherhood and moral uplift. The IOC – 90-odd members drawn randomly from 75 countries – are the people who actually own the Olympics.

Their president and pontiff, Spain's Juan Antonio Samaranch, is the undisputed king of world sport. In Samaranch's view, the Olympics are the world's "most important contemporary social movement", and his beloved IOC "the world's leading authority on competitive sport."

The second way to view the Olympics is the one that has gained ground since the tawdry and cut-price Games of 1984, in Los Angeles, which, to most folks' surprise, were run at a profit. According to this viewpoint, the Olympics are hopelessly bloated and cynical. They have been besmirched by drugs, corrupted by commercialism, overrun by greed and hi-jacked by a secretive and powerful cabal, led by Samaranch, which is known as The Club.

Between them, members of The Club run world sport. The Club comprises Samaranch and his IOC members, plus the presidents of the international federations that control the 25 Olympic sports, pre-eminently Primo Nebiolo of athletics, the key Olympic sport, and Dr João Havelange of soccer, the world's most popular sport.

In the view of many, the Olympic Games are now a great and raging beast virtually out of control. In the view of some, the Games' most insidious rôle is to serve as marketing vehicle for some of the pagan gods of international commerce – Coca-Cola, Kodak, Brother, National Panasonic, Ricoh, Philips, *Time*, Mars, Bausch & Lomb, Visa, what have you. In the view of a few, the stench of commercialism that overhangs the Games is so strong that Samaranch and his IOC must be lanced, like a boil on the face of sport, if the Olympic movement is to survive and renew itself.

So which view of the Olympics – sport, youth and joy, or power, money and drugs – is closest to the truth?

The parlousness and precariousness of the Olympics under Samaranch are about to receive cruel exposure in a book, *The Lords Of The Rings*, by Vyv Simson and Andrew Jennings of Granada TV's *World In Action* team, which Simon & Schuster is publishing, in 11 languages, on Monday.

To show the mess in which Samaranch finds himself, one cannot do better than quote Simon & Schuster itself.

"Traditionally", it says, "Olympic year sees a torrent of glossy books, articles and TV films about the beauty and purity of the Olympic ideal. In passing, they refer to the Lausanne-based International Olympic Committee and its benign president, Juan Antonio Samaranch. *The Lords Of The Rings* explodes the carefully cultivated myths of the IOC. The authors reveal:

"■ The secret past of Juan Antonio Samaranch, today's guardian of the Olympic ideal. For nearly 40 years Samaranch was an active fascist, becoming sports minister under the Spanish dictator General Francisco Franco. Samaranch signed official correspondence with the greeting 'I salute you with my arm raised.'

"■ How under Samaranch the Olympic movement appears to have taken on many characteristics of the dictator Franco's fascist *Movimiento*. Samaranch is now the unchallenged dictator of the Olympic world.

"■ How Samaranch won his place at the head of the Olympic movement with the help of the boss of the world's biggest sportswear manufacturer (Horst Dassler of Adidas, who died five years ago). Three years later his friend was granted the $200m Olympic marketing contract.

"■ How The Club lives a fabulous lifestyle of five-star hotels, first-class air tickets, endless presents and hospitality at the expense of sport and cities who want to stage the Games.

"■ How some IOC members demand even more – and the rackets and graft that is covered up.

"■ How the organisers of bids to win the Olympics, desperate to see their cities succeed, stay silent about the attempts to shake them down for money in case they alienate IOC members. Who gets the Games is decided by just the 94 members of the IOC. They are answerable to nobody . . . Bidding cities spend around $40m to woo them.

"■ How, under Samaranch, the IOC has turned from a non-commercial organisation led by worthy part-timers who defended the ethics of amateur sport into a professional, full-time business enterprise.

"■ How $20m of sponsors' money has ended up in an off-shore bank account controlled by just one man.

"■ How a leading member of Kuwait's royal family bribed sports officials to keep Israel out of world sport while the Olympic leadership turned a blind eye.

"■ How the Olympic leadership has spoken out against doping – but done little – and how it has covered up the failure of its anti-drug measures. Drug scandals have been suppressed in order not to frighten off the sponsors."

So much for Simon & Schuster. What about the book? The most useful task the authors have performed is to have gathered all the Olympic dirt they could find and stack it in one great pile, where it is accessible.

They are good on Samaranch, fast-winding us forward to the opening ceremony of the Barcelona Games this summer as the IOC president steps forward to invite King Juan Carlos to declare open the Games of the 25th Olympiad.

"Watch the president's right arm", they say, "is it stirring, is it twitching, is it taking on a life of its own, compelled by some visceral force to rise to an angle of 45 degrees from his shoulder? . . . (Samaranch) rose to become a fascist parliamentarian, a fascist member of the Barcelona city council, fascist president of the Catalan regional council and, for a while, fascist sports minister. In his own words, Samaranch was '100 per cent Francoist'."

Simson and Jennings are good on the machinations of The Club and the IOC.

They are good on Dassler of Adidas, and how he developed The Club. In the view of Patrick Nally, Dassler's former business partner and right-hand man: "Horst became the puppet-master of the sporting world, pulling the strings to create massive changes, the pinnacle of which is his legacy of control of the modern Olympic Games. Horst got a tremendous buzz from controlling and manipulating."

They are good on the Eastern bloc and its rump of discredited IOC members who still have power and influence.

They are good on the backstage dramas at the Seoul Olympics in 1988, and how the Seoul Games were "conceived from a desire by a military junta to obscure their brutal image and to find new markets for their dynamic economy."

They are good on drugs. Good on cheating. Good on scandal. And good on the racketeering that underpins the selection of cities to stage the Games – the gifts and free-loading, and the escalating sums spent by candidate cities to climb aboard the wagon.

The authors of *The Lords Of The Rings* are even good in many of their conclusions, and especially good when indicting Samaranch and Nebiolo. "There seems to be little philosophical difference in their approach to stage-managing our world of sport", the authors state. "They have hoisted themselves above their fellow officials to levels of absolute power previously unknown in the democratic world of sport. All that divides them is who should wield absolute control.

"They come together in this Olympic year in Barcelona at what may be the turning point for the Olympic movement and for world sport. Many people outside the complacent membership of The Club feel that too much has been conceded to the demands of the media and the multi-nationals. The spectators and the participants have never been consulted about 'communication tools' and 'exclusive categories' of product merchandising. The TV viewers around the world increasingly believe that many of the stars are junkies, puffed up into chemical champions. In the scramble for more money, more perks, more self-indulgence, more TV viewing hours and more dubious world records the fundamental rights and concerns of the world-wide, silent majority outside The Club are ignored."

But there are various defects in the arguments advanced by those who claim to be sickened by the Olympics in their modern, corporatist guise – one of which is the inability to juggle with opposites and contradictions.

For a start, almost no critic of the Olympics seems capable of wrestling with the *inevitability* of money, drugs and commercialism. Sport was always bound to grow into a billion-dollar business. Yet most of the time, secure in their naivety (or the pose of naivety – a standard sportswriters' trick), critics of the Olympics speak as though television could be uninvented, sponsorship could be uninvented, Coca-Cola could be uninvented, cheating could be uninvented, steroids could be uninvented, professionalism could be uninvented – as though all the world, and all of sport, could have been kept pristine and savoury and goodie-goodie, free of corruption, clear of the Fall.

I have attended four summer Olympics, Mexico, Montreal, Los Angeles, Seoul. I will not be going again, not because the Olympics remotely offend me but because there are other things to write about, other fish to fry.

Certainly the Olympics have grown big and cumbersome. Certainly they have become part of the global marketing-media-entertainment complex. Certainly they are a magnet for those who want to sell sticky beverages or copiers or contact lenses. Certainly some competitors pop pills and shoot up in a sad and desperate lunge for records, medals, millions.

But the Olympics are still about sport, still about friendship, still about bridge-building. They still do good, even while doing bad. Forget about the silly ideals with which the Olympics are alleged to be concerned, the namby-pambyism of Baron Pierre de Coubertin, who revived the Olympics a century ago – amateurism, valour, the importance of taking part, all that stuff and baggage. They are nothing of the sort. The Olympics are about *winning*. It is as simple, and as complex, as that.

In the meantime, however, it looks increasingly the case that the IOC in Lausanne has slipped as far down the slope as it ought to think of venturing. The IOC needs fresh leadership, a determined change of direction. It is time to purge the pontiff.

● *The Lords Of The Rings*, Simon & Schuster, £14.99.

Cricket/**Teresa McLean**

Champions face a fierce challenge

IT GOES without saying that the first day of a new cricket season is played in cold, wet weather. This year the traditional hostility of the elements excelled itself, to the point of hail-storms and gale-force winds last week on the few first-class grounds where play was possible at all. The handful of fans who turned out in the hope of seeing some cricket and the restless, track-suited cricketers hoping to oblige them sat in the pavilions agreeing that this year must be better than last.

Essex, of course, would be happy for this year to be the same as last year. The Britannic Assurance Championship was fiercely contested and Essex's confidence was as important as their range of talent through all areas of the game, holding them secure against strong pressure from Warwickshire and latterly from the ever unpredictable Derbyshire, who reached top form in dazzling style, too late.

Essex have lost none of that confidence, and welcome Mark Waugh back from Australian national batting service to his county batting slot, profitably occupied last year by Salim Malik. But they are an odd team, Essex, with an unpredictable element about them, which led them into disaster in the one-day games while they were doing so well in the county championship.

It was quite an achievement to get themselves all out to Lancashire for 61 last Tuesday in the Benson and Hedges Cup. But that is what Essex are like. If they fail, they fail pathetically. If they do well, they do very well indeed – witness the eight Lancashiremen Neil Foster removed at Manchester for 99 runs last year.

One of Essex's most impressive features was good captaincy, by Graham Gooch and by Foster when Gooch was on Test duty. Foster showed enterprise and both were good ambassadors for age and experience in a game increasingly dominated by concern for youth and fitness.

The newcomers, Durham, are keenly recruiting young players. They boast a fair number of local youths already, tempered with the battle-wisdom of outsiders Wayne Larkins, Paul Parker and Ian Botham, along with their overseas import, Dean Jones.

Jones began the season in belligerent form on Easter Sunday, his 114 dominating the day's play as Durham's 246 for 4 proved just enough to open the Sunday League with a win over Lancashire. The main force behind Jones's batting is its aggression and David Graveney will have his work cut out keeping that focussed on the enemy without. Though Durham bring with them a breath of fresh air, they also bring a lot more travelling, one of the most unpopular aspects of modern cricket.

Lancashire found it so tiresome that they started hiring a coach to take them to all their fixtures, so they could rest and talk on the way. Last season Glamorgan, not to be outdone, chartered an aeroplane to fly to one of their home games.

This season's championship, grossly over-punctuated by one-day games, promises to be tight. Lancashire are keeping Neil Fairbrother as captain. His leadership will have to pull the team together for they are a temperamental lot. They were too inconsistent to do themselves justice last year. With Mike Atherton injured, they missed his spin bowling as well as his batting.

Atherton is one of a tradition of English batsmen, useful for tweaking out entrenched Test batsmen and it was good to see him loosening his arm at Chelmsford last week with his spinners and drifters. A generation earlier, I remember the cavalier Bob Barber and dogged Ken Barrington breaking up partnerships when brought on to bowl for short stretches.

After two years at the bottom, Sussex rocketed to 11th last year and if I had to pick an outsider to do well in the championship this year, it would be Sussex. I respect their policy of recruiting and training young home-grown players. It is time that bore full fruit.

The sad departure of Parker to Durham, when asked by Sussex's committee to give up the captaincy after four unsuccessful seasons in office and 17 happy and successful seasons at the club, made way for Alan Wells, "Bomber" of Newhaven and brother of Colin Wells, another "Bomber" of Newhaven, to become only the fourth Sussex captain since World War II born in Sussex. Newhaven, in fact.

He is a man with a proud sense of county identity and if he can pass that on to the team and lead it happily, it might do well. For some time it has had to be a sharp fielding side, to keep enemy batsmen's excesses within limits, and it even boasts that most welcome of rarities: a young leg-spinner, Ian Salisbury, just back from a good England "A" tour to the Caribbean. I look forward to watching him bowl this summer.

Motoring/**Stuart Marshall**

Ford passes the bed test

SIX YEARS after Ford inexplicably dropped a big load carrier from its range, a Granada/Scorpio estate car has made a welcome appearance.

It is a handsome car, spacious enough to pass the acid test of a really big estate; you can put a single bed inside it. It will look just as much at home at a Range Rover and Shogun infested three-day event or point-to-point as in the managing director's reserved parking bay.

There are versions with 2-litre, 4-cylinder, 120 horsepower or 2.9-litre, V6 145 horsepower engines, both with catalytic converters. They are priced only marginally higher than their 4-door saloon or 5-door hatchback equivalents.

The spread is from £18,413 for a 2.0-litre Granada LX manual estate to £21,760 for a V6 2.9-litre Scorpio. This flagship of Ford's estate cars is trimmed in leather and has automatic transmission, air conditioning and self-levelling rear suspension as standard. All Granada/Scorpio models come with ABS brakes. The V6 Scorpio I drove in Scotland earlier this month is far cheaper than any rival equipped to the same standard. But, price apart, Ford's new bulk carrier is an exceptionally attractive car.

It rides with shock absorbent suppleness on its redesigned suspension whether running light or well laden. The steering wheel is small and power assistance is now speed sensitive.

On winding roads the Scorpio has a much smaller car's nimbleness; on motorways it loafs along in that state of relaxed near silence peculiar to big, long-legged cars.

The new Ford Scorpio estate car. Roomy, refined and keener value than any class rival

The overall gearing gives close to 30 mph (48kph) at only 1,000 rpm and the Scorpio feels as if it would cruise all day long on the autobahn at 100 mph (161 kph) and a shade over 3,000 rpm.

The sensibly proportioned 65 series tyres create little road noise on coarse surfaces.

A Granada/Scorpio's interior space should be enough for most users; there is ample room for up to five people and a lot of luggage. But compulsive furniture shifters might like to know that loads of up to 100 kg (220 lbs) can be carried on the integral roof rack or even on the roof panel itself, which has rubber strips to protect the paint. To frustrate car thieves and "joy riders" – there must be a better name for these criminals – Ford has installed elaborate security systems in the new Granadas and Scorpios. Electrical and mechanical deadlocks prevent window smashers from opening the doors; interior sensing scanners detect an intruder and will not allow the engine to be started.

Of course, nothing in this world is entirely thief proof. But the new cars are said to have defeated a former professional car thief who, like a poacher turned gamekeeper, is retained by Ford as a security consultant.

All Granada and Scorpio models now have the same improved running gear as the estate cars.

Banning bangers

LIFE WILL become tougher for motorists who drive cars unfit to be on the road when a proposal by the Department of Transport comes into effect later this year.

At the moment, so long as a car three or more years old passes its annual inspection (the MoT test), it can be taxed, insured and driven for another 12 months.

What if it deteriorates and becomes unsafe during that period? In theory it should be repaired. In practice, many old cars in poor shape continue to be driven while they remain driveable. The police will prosecute if the car is involved in an accident or if the driver is stopped for a traffic offence and they find it has, say, illegally worn tyres or bad brakes.

But, rightly or wrongly, many owners of decrepit old cars think a current MoT certificate is a permit to keep on driving them until the next MoT inspection falls due. If they break down, they call one of the long-suffering rescue services – the subscription is seen as a financially attractive alternative to having the car properly maintained.

The department is planning to treat cars in the same way as heavy commercial vehicles. If one of its examiners at a roadside checkpoint finds a lorry in bad enough condition to be a danger to other road users, the driver is handed a prohibition notice.

That means it has to be repaired on the spot or towed away by a recovery vehicle. Now the department proposes to treat cars and lorries alike. An old banger held to be dangerous will be banned immediately and have to be taken to a repair garage on a trailer. In less serious cases, the owner will be allowed to drive it to a garage.

The prohibition notice stays in force until the car has been made roadworthy, given an MoT test and the owner has taken the certificate to a police station.

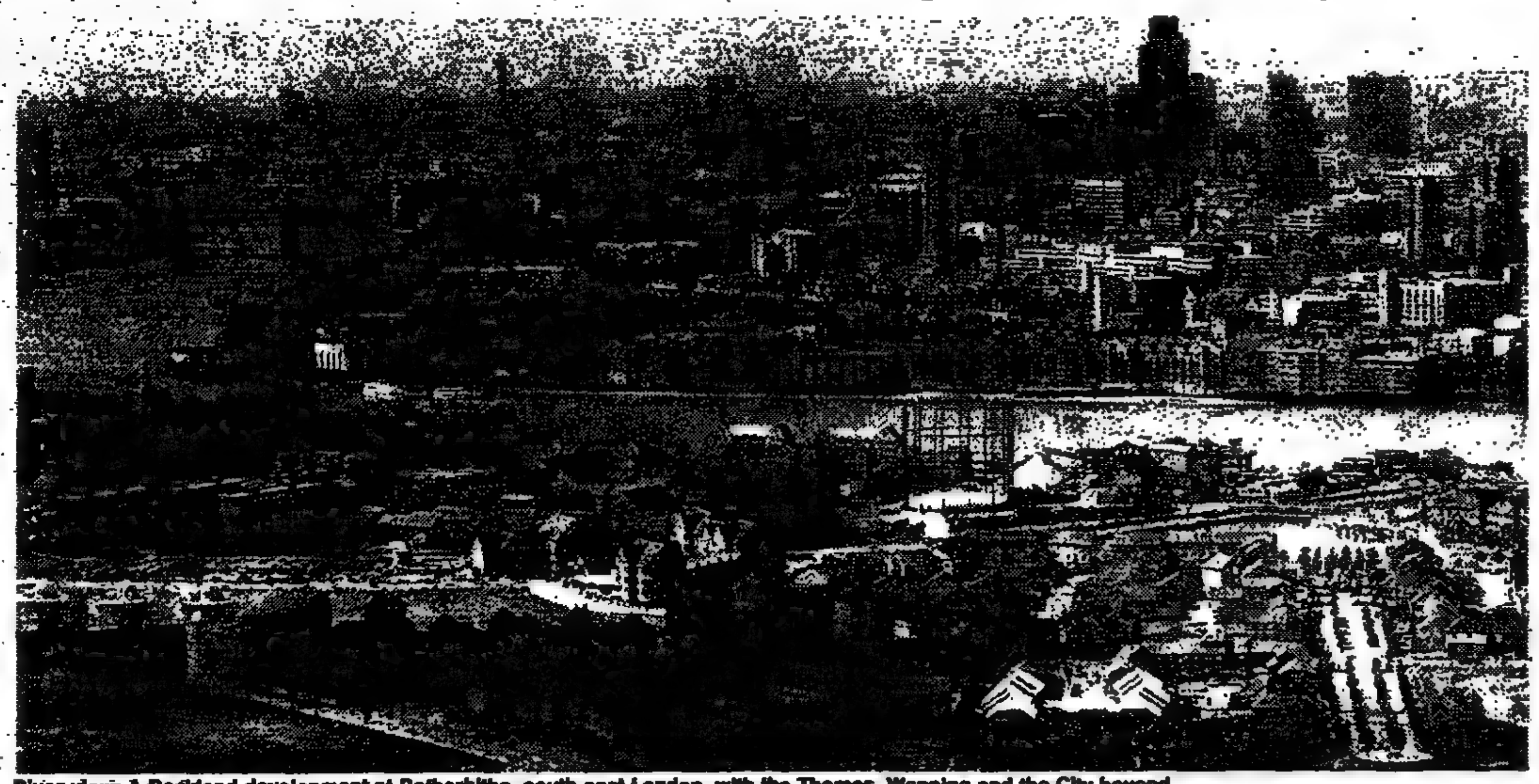
The proposal is going through the usual consultative process on how it can be implemented. When it becomes law on July 1, it will help road safety. As a spin-off, roadside spot checks should catch a lot of irresponsible motorists who reckon the rules about taxing and insuring cars only apply to other people.

S.M.

PROPERTY

Still waiting for their ship to come in

***Vanessa Houlder** on London's Docklands, an area with a blighted past and an uncertain future*



River view: A Dockland development at Rotherhithe, south east London, with the Thames, Wapping and the City beyond

DURING ten roller-coaster years, the London Docklands has been remoulded into one of the most exhilarating, bewildering and exasperating landscapes in Britain.

For the purists, hype gave way to hostility long ago. "London's Docklands contains one of the worst collections of late 20th century building to be seen anywhere in the world," said the Architecture Design and Technology Press. "The triumph of commercial expediency over civic values," concluded the Prince of Wales.

But anybody tired of the sullen ranks of suburban terraces elsewhere in London could be swayed by the Dockland's proximity to the heart of the capital, its energy and the appeal of being a pioneer in an area where urban history is still being made.

A surreal "city of the 21st century" has been superimposed on an area that still has Dickensian streets, 18th century churches and faint echoes of its raffish maritime past.

The fit is not wholly successful: the toy-like light railway that glides by the rooftops is notoriously unreliable; the flimsy balconies and steeply pitched roofs of new developments resemble those of dolls' houses; and the towering Canary Wharf looks like a fairy-tale castle deposited in the middle of nowhere.

The most popular developments in the Docklands are those that successfully combine the old and the new. The dream of most would-be buyers in the Docklands is a converted warehouse, complete with mellow brown brick, beams, huge rooms, high ceilings and views of the Thames.

A three-bedroom flat with these attributes in New Crane Wharf in Wapping would cost £325,000. Flats in Butlers Wharf, a scheme originally devised by Sir Terence Conran, a short walk from the City, are more expensive. A three bedroom flat with a magnificent view on to Tower Bridge costs £450,000. (Savills are the agent for both these developments.)

Not all warehouse conversions live up to the fantasy image, though. Some have insufficient light, no balconies and do not face the river. The position of the windows means that even the best river views are often obscured when sitting.

Newly-built developments can be as popular, and expensive, as converted warehouses. Knight Frank & Rutley is marketing two bedroom flats in the St Hilda's development overlooking the river in Wapping High Street for £300,000.

Whatever the charms of these buildings, potential buyers have to consider the disadvantages of moving to an area that has undergone such a dramatic upheaval. As well as some friction between long-standing inhabitants and wealthy newcomers, there are reminders that the new developments have been grafted on to an area noted for dereliction and poverty.

For instance, some flats in the ziggurat built by Regalian at Free Trade Wharf, which cost up to £265,000 for two-bedrooms) offer a breathtaking view of the river at its steepest point in the bend at the front, but a view of run-down housing over the bustling four-lane highway to the back.

The practical problems that have dogged Dockland pioneers are starting to ease. More shops are slowly arriving, most notably a Safeway supermarket opening later this year in Wapping. The traffic problems will be greatly improved when the current batch of extensive roadworks is completed.

Indeed, many Docklands dwellers say the area's attraction is a practical one. Compared to the travails of commuting from the country, a short drive into the City has great appeal for bankers and brokers. "British Rail has made more sales for us than anybody else," says one saleswoman.

Is now the time to buy? After a difficult few years, agents have a spring in their step. "For three months before the election, people were holding back," says Sarah Shelley of Knight Frank & Rutley. Since the election, she has been inundated with enquiries, she says.

"I firmly believe that now we have a Tory government we have hit the bottom," says Russell Taylor of Savills. He predicts that prices will stay level for the next 12 months.

Prices have fallen 30-40 per cent from their peak, according to Taylor. Even now, however, valuers working for building societies maintain that buildings are often overpriced.

Some developers are prepared to offer large discounts for rapid sales. But others are determined not to be pushed into offering firesale prices. The receivers who manage Butlers Wharf are taking a long term view, preferring to let flats rather than sell them at bargain prices.

Anyone buying a property in the hope of making a rapid capital gain should also consider the possibility that the buildings bought by people hoping for a speculative gain may be released as the market recovers.

Any assessment of the state of the market has to grapple with the diverse character of different parts of the Docklands. As the most established part of the market, Wapping's property tends to be more expensive than the Isle of Dogs, where prices for one-bedroom flats startt £55,000. Surrey Quays, which offers four bedroom houses at £90,000, is dismissed as a suburban housing estate by agents working north of the river.

The biggest question mark hangs over the Isle of Dogs, which is dominated by the huge Canary Wharf development. This has an uncertain future. Its developer Olympia & York has run into financial difficulties. The company is in talks with its bankers, which will determine whether it can carry on with the project.

The stakes are high, and there are large implications for the residential market. The establishment of a financial centre on the Isle of Dogs was expected to boost demand for housing enormously. The doubts over the area's commercial prospects have punctured these hopes.

Another, related problem is the future of the extension of the Jubilee line, which is to link Canary Wharf with Central London by 1996. This tube link, which would boost house prices, could be in jeopardy because O&Y is scheduled to make a large contribution to the project.

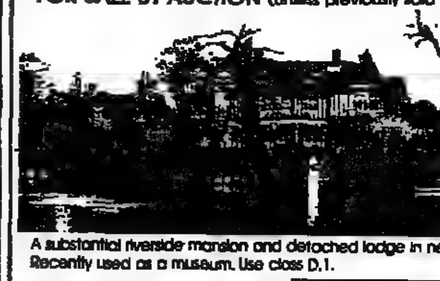
Agents say these doubts are not deterring people who are already working at Canary Wharf from buying property close to their employment. Although the area has a rather desolate, clinical atmosphere, there are attractive properties available.

Consider, for instance, Rosehaugh's Anchorage Point next to the brash, nautical Cascades development, which became an early landmark on the island. This new block of flats, which has a swimming pool and gymnasium, charges £130,000 for a two-bedroom flat. (The agent is Savills).

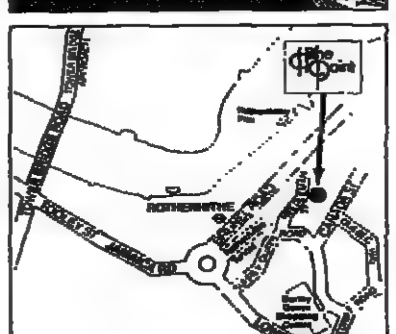
Canary Wharf's problems are further evidence that the establishment of the Docklands as a thriving commercial centre will take longer than was expected in the heady days of the property boom. That suggests that people buying property in the hope of a speculative gain may have to wait longer than they bargained for.

People should only step into the Docklands market if they like the area's character and its proximity to the City. Anyone less sure could try it out by making use of the area's well-established letting market.

COUNTRY PROPERTY



LONDON PROPERTY



LONDON RENTALS

COUNTRY PROPERTY

LONDON PROPERTY

INTERNATIONAL PROPERTY

LONDON RENTALS

PERSPECTIVES

Japan fails to face its shame

Gordon Brewer analyses Tokyo's dilemma over forced prostitution

IN THE days of Stalinism, the Russians had a saying: "The trouble with the past is that you never know what you'll find in it." Now that both Stalin and his Soviet Union have gone, perhaps the phrase should be bequeathed to the Japanese.

Shim Mi Ja's visit to Tokyo last month was a traumatic experience – for her, and for those who heard her testimony. Now 70 and living just outside Seoul, she was one of between 80,000 and 200,000 young Korean women forced to be prostitutes for the Japanese imperial army in the 1930s and '40s. Speaking in Japan's parliament building, she told Japanese women (many of whose fathers or grandfathers were in the army) of how she was forced to serve in a "comfort station" – or military brothel – in Fukuoka, southern Japan.

From childhood, her hobby was embroidery. One day at secondary school, she was asked to make a Japanese cherry blossom; instead, she made a Korean flower. It was seen by the Japanese military police. She was taken away, raped, tortured – she still has the scars on her back and beneath her fingernails – and sent to Japan. "We dealt with 20 or 30 men a day," she said. "But, when truckloads of troops stormed in from the front, then you'd have 40 or 50 men each. I was a young girl dealing with 40 or 50 men in one day – can you imagine that? On weekends, there would be long queues in the yard outside. It was a mechanical job; you couldn't get up or wash. Just one man after another, endlessly."

Faced with the testimony of Shim Mi Ja – and that of a growing number of other former "comfort women," prodded by Christian and women's groups to speak out for the first time in almost 50 years – the Japanese government launched an official investigation. It claimed, however, that the comfort stations were run privately and that it had no legal or moral responsibility.

That argument was disproved spectacularly in January when Yoshiaki Yoshimi, a professor of history at Chuo university, spent eight hours in the Defence Academy library in Tokyo. He found six documents which showed that the army and the government both were involved in setting up comfort stations for soldiers on the Chinese front late in the 1930s.

Two of the documents record an order from the commander-in-chief of the North China expeditionary army in 1938. It told units to set up brothels as quickly as possible because rape by Japanese soldiers was making it difficult to control the local population. Other documents talk of procedures for checking the women for venereal disease, and fears that contaminated soldiers returning home would spread VD.

A few days after Yoshimi's documents were published, foreign minister Michio Watanabe said he "could not help but admit" that the imperial army was involved. Prime minister Kiichi Miyazawa, about to start a state visit to Seoul when the story broke, spent much of his time there apologising. But the government has yet to provide any explanation of why its official investigation failed to uncover documents which Yoshimi found within hours. Yoshimi says: "Some of them are hard to find, but most are catalogued and can be found easily. There is no way Japanese historians wouldn't know about them. They didn't want to investigate it."

The issue of the comfort women has brought to the forefront, painfully, the way in which the Japanese authorities have resisted coming to terms with their colonisation of Asia in the first half of this century. In Germany, the fall of Hitler was followed by attempts to teach the younger generation the lessons of history, and to compensate victims of the Nazis. In Japan, there has been silence. Allied tribunals tried many individual soldiers for atrocities after the war, but the Japanese government has not pursued cases since.

Occasionally, the resentment of Japan's neighbours has surfaced in public. Ten years ago, there was a row with China and South Korea over the history textbooks used in Japanese schools. These either fail to mention the atrocities committed by the imperial army in Asia, or treat them in the most cursory way. The books all are vetted by Japan's education ministry.

Angry protests by the South Korean government in 1990 elicited an apology from the new emperor, Akihito; he referred to the "unfortunate past between our two countries and for which my country was responsible." His father, Hirohito, had simply regretted "the unfortunate past." The addition of the seven extra words was thought by Japan to be an enormous concession.

The reluctance of the Tokyo government to acknowledge the past has left resentment and distrust among most of the occupied countries. Lee Kuan Yew, Singapore's former prime minister, declared: "If they are not willing to confront the past and educate their children on what happened, instead of sloughing it off as an 'advance into south-east Asia,' it means that a younger generation of Japanese would be less reluctant, if pushed, to take the military road."

Faces of sorrow: women in a Japanese military "comfort station" late in the 1930s

Hajime Funada, an MP of the ruling Liberal Democratic party who heads a group studying reform of Japan's post-war (and pacifist) constitution, adds: "We can't carry on like this. It's creating too many problems we will have to face sooner or later." He fears that, without a rethink, "Japan will end up as a special case, left out of world concerns."

The anxieties of other Asian countries are likely to become increasingly prominent as Tokyo struggles to find a political role to match its status as the world's second-largest economy. Adding largely to the problems is the continuing debate over whether Japan should have a military role outside its borders – something banned at present by the constitution. In the wake of the Gulf war, the government has been trying – so far, unsuccessfully – to pass a bill allowing the military to take part in United Nations' peace-keeping operations.

This is unlikely to banish the deep-seated fear of Japan's neighbours about its possible re-militarisation, or a related concern that the institutions of democracy there may not be strong enough to enable Japan to behave – as Funada would wish – in a "normal" way. As its power grows, coming to terms with the past is becoming more necessary in order to come to terms with the future.

■ Gordon Brewer is the BBC Tokyo Correspondent. His report will be broadcast at 9.30 pm on BBC2 on April 26 in *Assignment*.

The press in Europe

British papers: the best and the worst

A COLLEAGUE *said* the other day: "I suppose you are an expert now."

"An expert on what?"

"On European papers. You've been writing about them for over a year – you must have read hundreds."

It turns out to be 37; at least, that is the number of titles which have appeared in London. They have come from a dozen countries, but there has been nothing from most of Scandinavia, Portugal, Greece, Bulgaria and Romania, so my expertise is a little sketchy. And not all the 37 have been "read," either.

Still, a year and a bit of this column has certainly taught me a thing or two. For one thing, when it comes to newspapers, Britain is astonishingly rich compared with the standards of the rest of Europe.

It is not just that the British read more of them than anybody else; their papers have resources that others can only envy (and regret the manner in which, sometimes, these resources are used!) The biggest French daily, *L'Ouest Republicain*, sells only about 1m, and no foreigner has ever heard of it. It seems to be published in Rennes (which is a bit like publishing *The Sun* in Market Harborough) and has a dozen different editions, each replete with local fatstock prices.

In Spain, about one in eight of the population reads a paper. In Germany, most read the tiny local dailies which lay down the law for communities of 50,000 or so. At one time, Russian papers enjoyed vast power and influence; now, the former Communist Party mouthpiece *Pravda* is reduced to three appearances a week and can hardly afford that.

Each paper is unique, though. If you want to be well-informed on every issue under the sun (and elsewhere, for that matter), the *Neue Zürcher Zeitung* is good value. It might not provide the news of the day that interests you – or anything that interests you at all – but by the end of a month's reading you will have caught up with everything.

The papers I like, however, are those which are often reviled in their own countries. *Die Welt* has been loathed by liberals and the left in Germany because it is the flagship of the right-wing Springer press, but it is a good read.

This might be a purely subjective judgment; *Welt* looks and feels like a British paper – which it was when it started life under the occupation authorities. It seems, however, to do something quite alien to much of the German press: it produces well-written, concise articles which the readers find interesting. That, in the *Frankfurter Allgemeine*, would not be as bad as making a joke, but it would seem like *lese-majesty*.

The French papers always seem a bit of a mess, even though *Liberation*, neatly, has pages the same size as its articles. But the result is that I can never find my way around *Libé* and a certain monotony sets in.

The front page of *France-Soir* is so awful that it is good. There are always about 18 stories, all continued on page four or 16. The other day, the strapline over the headline ran: "Tell me what you are afraid of and I'll tell you where you live." The headline: "The crime map of France."

But then, British papers are a mess to foreigners. Patrick de Jacquelot, of *Les Echos*, once asked me why the *Financial Times* would have a story about Robert Maxwell as its lead, a backgrounder on page three, an editorial 13 pages later, a feature opposite and, finally, a commentary by Lex or someone at the back. In a French or Italian paper, the whole lot would have been on a single page.

One daily which has impressed me is *El Pais*, again disdained by Spanish intellectuals. It is a bit like its French sister, *Liberation*, in pagination and layout, but it contains more interesting material and really does cover the ground. The nearest British parallel is the *Guardian*.

Pais, though, has one feature that would cause a riot in Hampstead, not to mention uproar in every teachers' common room and social services office in Britain if the *Guardian* tried such a thing. Each day, the classified advertisements carry two or three columns of what are known in the trade as "hooker ads."

Prostitutes of both sexes give a concise account of their wares, delivery points, and a phone number. The Germans get near this in their weekend editions, but the Spanish are still reacting against the suffocation of the Franco years.

The Italians seem to react against nothing. Their papers have a world-weary feel, produced by people who know that nothing can surprise their readers. In an attempt to excite the jaded palates of its readers, *La Reppublica* will add a desperate twist to stories which are amazing in their own right, but it never comes off.

Of course, it could be just be what you know best, but I still prefer British papers. On holiday abroad, there is no choice between *Le Dauphiné Libéré* and a day-old *Daily Telegraph*. The "quality" press in the UK is unrivalled.

On the other hand, as a Spanish friend once remarked to me: "The best and the worst of Europe are to be found in Britain."

James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

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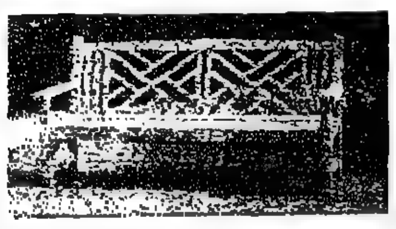

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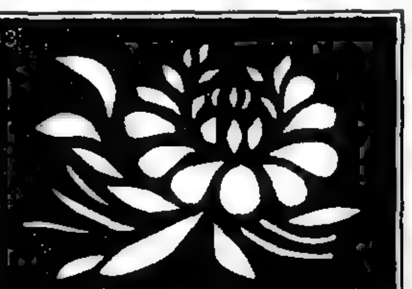

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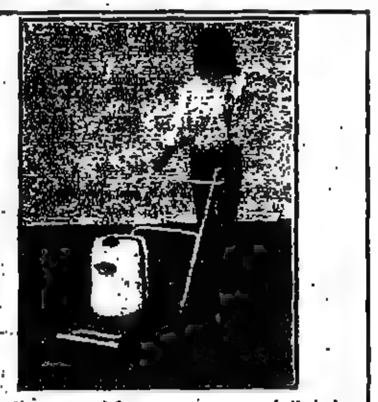

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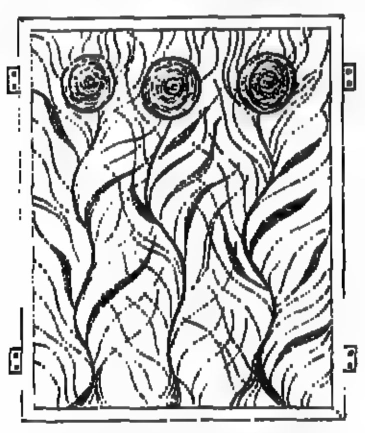

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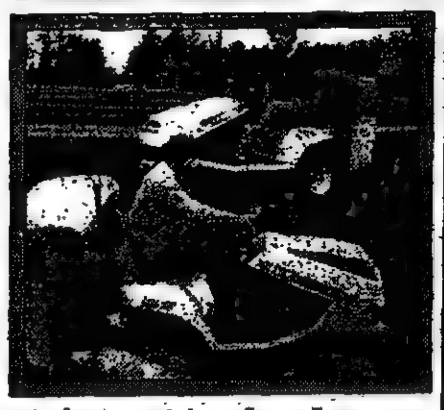

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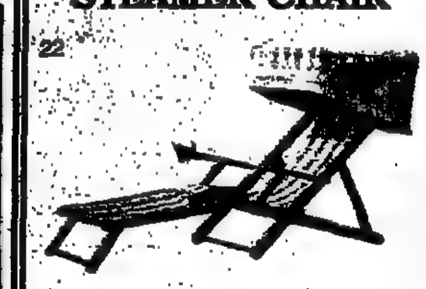

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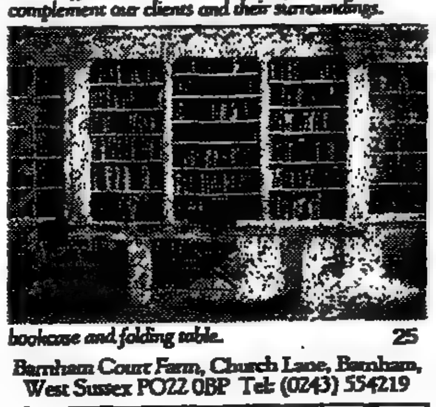

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GARDENING

For the first time, the 200-acre Leonardslee garden is to be open continuously from April until October 31

A garden to visit

A Sussex woodland paradise

Arthur Hellyer is entranced by a visit to an English valley

LEONARDSLEE is one of the most beautiful woodland gardens in England. It was laid out by Sir Edmund Loder after he bought the estate in 1889 and has been continued by his heirs, right down to Robin Loder who took over in December 1981.

The garden is at Lower Beeding, near Horsham in West Sussex, and covers 200 acres of a steep-sided valley running north to south with a string of hammer ponds in the bottom.

It is about the finest site you could imagine for a woodland garden, since the soil is moderately acid and each side of the valley gets an equal amount of sunlight. There are two houses, both at the top of the valley on the west side. They are more or less in the middle of the garden and have magnificent views over it.

Leonardslee is particularly famous for its rhododendrons (many raised there), azaleas, camellias, magnolias and coniferous trees. But it grows an immense variety of trees and shrubs, including hardy palms which were planted by a previous owner. Nearly everything flourished and the garden has sometimes been used for filming stories requiring a subtropical setting. But this very luxuriance threatened to destroy it, and Loder says it was saved by the great gale of October 1987.

Loder estimates that a garden like Leonardslee needs to have at least 300 trees removed each year after a half-century of growth. But that was never attempted there; in any case, there was also the problem of getting felling permission for supposedly valuable trees. As a result, the garden became choked. The outer areas were abandoned as being too dense and the original 200 acres was whittled down to 100.

Matters probably would have continued like this had it not been for the gale. It toppled thousands of trees and, in order to get them out, many more were removed. The clearance is now completed, replanting (where necessary) is well under way, and Leonardslee is a transformed place.

Most of the plants are responding by growing and flowering more freely than before. It is, of course, the extra light and the reduced competition for water and food that have made the difference, and there are lessons in this for every gardener. Naturally, there are immediate problems of daily maintenance, since there is a greater growth of grass plus brambles and other weeds. But Leonardslee has the answers – wallabies and deer.

Wallabies were introduced more than 100 years ago and are naturalised completely. They are particularly fond of brambles. The deer used to be kept out of Leonardslee by its fences; but when these had to be replaced after the great gale, it was decided to change policy and bring in herds of sika and fallow deer to help the wallabies in controlling grass and weeds.

The results have been highly successful and the cost savings significant. In addition, the animals are proving a great attraction to the 50,000 people who visit Leonardslee each year.

But there is plenty of new planting to attract them, too, including rhododendrons. Many of these are yakushimanum hybrids, which are dwarf and of particular interest to owners of small gardens. And there is a new bank of hydrangeas which flower in the summer and will link up with the autumn foliage for which Leonardslee is famous.

A year ago, Loder persuaded the Sussex Bonsai Group to bring a large demonstration of its art to Leonardslee on permanent loan, and this is now installed near the restaurant and cafeteria. Nearby, a big greenhouse has been turned into an alpine house containing rock plants arranged in their natural families. There are also a new visitors' centre and gift shop.

For the first time, Leonardslee is to be open continuously from April until October 31. In April and June, the hours are 10-6 daily; in May, 10-8 daily. From July to October, the garden is open 2-6 Monday to Friday, and 10-6 Saturday and Sunday. There is to be a special demonstration of bonsai on May 9 and 10.

Plant of the Week

Trillium grandiflorum

This plant is a native of thin woodland in eastern and central north America where it grows in rather moist, peaty, naturally-acid soil. The white flowers turn purplish with age and are distinctively three-petalled, the petals broad and overlapping, the flowers two to three inches across. They are carried on sturdy 18 to 24 inch stems in April and May. In gardens in Britain they are quite hardy, suitable for any moderately shady place that is not alkaline and does not dry out readily. The tubers should be planted in September or October, three to four inches deep, and left undisturbed for years to establish themselves as colonies by self-regeneration.

Arthur Hellyer

Early victims of the annual conflict

Robin Lane-Fox reports from the front lawn

FOR THE first time in three years, the weather is favouring late planters. The sequence of dry springs has broken; frosts have not been erratic; the ground is warming without becoming hard. It is all an incentive to buy and plant, but before you pitch in, reflect on my report from the front line.

The front line, as usual, is littered with casualties. I blame them not so much on frost as on a winter of cold winds. In the Cotswolds, they include almost anything of marginal hardiness which went unprotected: the better sorts of cistus, the riskier forms of penstemon and anything with silky silver leaves.

As I exhume corpses, I notice a warning to planters: despite appearances, these casualties have hardly ever crept out of their original ball of compost during four or five years in the open ground. The top growth, even the flowers, were promising, but something deterred the roots from spreading far and wide.

I have no doubt about the culprit: it is the sad apology for earth in which most of our nurseries now grow on their stock. Most of this compost is peat; some of it is white perlite; none of it is plain loam of the robust variety which these plants then meet in the garden. It is as if the roots emerge from a light cocoon and then go on strike when they encounter reality on three sides. Corpse upon corpse shows the same effect which has not killed them, but has certainly slowed them up.

You and I have to learn to live with it because nurserymen are not likely to change their convenient ways. These light composts are easy to buy, transport, force-feed and keep clean: innocent customers are now accustomed to them and there are only a few eccentrics like myself who prefer to buy "open ground" plants with bare roots and a dead appearance in late winter. We are all told that it is marvellously easy nowadays to plant anything from a container at any time of the year: we hear much less about the difficulty of persuading plants inside it to grow on smoothly.

My first cure for the difficulty is water. Much of our newly-bought stock is planted out when it is already too dry. The compost in plastic containers tends to dry out on a warm shopping day in the garden centre and dry out even more drastically in the car boot.

I have just been planting a group of pot-grown box bushes: here, there is the added complication that their fibrous roots are already a tangled mass and the only way of wetting this muddle is to stand the entire ball of roots for an hour or two in a bucket of water. Casual watering from a can merely runs down the outer sides of the root ball and reaches nothing: the plant goes into the ground with a dry centre and is not saved by most people's habit of watering gently round the plant, not directly at its centre.

If you are planting during this weekend, ignore the trivial distraction of any rain and keep a bucket nearby in which to immerse each subject which comes equipped with its own designer-compost.

The next step is to loosen the ground to as fine a texture as possible immediately around the new ball of roots. On a clay soil, you will have to have a second bucket of a light, leafy compost to hand in order to add to this workable zone round your new acquisition. Labels will probably tell you to plant your pot-grown purchase in yet more peat, but I rebel against correcting the culprit by using yet more of it and I do not find that another handful solves the problem. Sooner or later, the roots have to be persuaded to explore your local soil and in my view, they might as well start as soon as possible.

Watch out for plants which are all top-growth and no bottom

They will be persuaded more quickly if you avoid the amateur's other great mistake. Whenever you plant, you must make a hole which is deep enough for the job. Except on heavy soils, the level of the ground will always settle round newly-planted stock and beginners will be caught out and find their plants protruding above ground level like corks in a half-opened bottle.

It is extremely difficult to plant too deeply unless you are handling roses or larger shrubs which have been grafted: here, you should not bury the plant below the point of grafting unless you want endless suckers. Otherwise, you must allow for the surrounding soil to settle if you are to persuade the upper tangle of roots to leave their nursery home. The more I see newly-planted borders, the more I realise how people do not realise this fact.

It is not only important to plant deeply: it is absolutely vital that you give a plant enough width. There are two great popular fallacies about roots. One is that they somehow eat the surrounding soil and its goodness. Of course they do nothing of the sort. They are enabled to take up goodness from it by moisture: they are incorrigible drinkers, not eaters.

The second fallacy is that roots move around. Again they mostly do no such thing. Existing roots stay exactly where you have finally planted them, or squashed them without noticing while treading on the soil as you fill up the hole. They then grow outwards, if you are lucky, from the tangled position in which you have left them.

Once you understand these two fallacies you can see the importance of my advice. Watering allows your plant to pick up goodness: I totally mistrust scientists who tell us in the early stages of a drought that there is no need to water anything. The advice emphatically does not apply to newly-bought and planted goods.

As roots cannot move, you must be sure to space them out and tease them to a full, straight length when setting them first into the ground. If they are hideously tangled and impacted at the bottom of a pot, loosen them by pulling them gently sideways and not fussing too much if some are torn in the process. You have to break the circle if they are not to go round and round on themselves.

Finally, watch out for plants which are all top-growth and no bottom, let alone a tangled ball of roots. They will be appearing by the hundred in garden centres during the next month because plants in a one-litre size look much more promising and fetch a higher price than smaller versions in 9 cm squares of polythene.

The trouble is that many of the apparent litre-sized varieties were only nine centimetre plants a week or two ago. They have been over-potted, frequently in the sort of non-compost which persuades half-hearted gardeners that there is absolutely no chance of meeting anything so undesirable as a worm. Investigate gently below the surface to be sure that your chosen plant is well rooted and is not still rolling around in a bed which is too big for it.

The litre size will cost you up to half as much again, so you want to be sure that the extra value is there. If it is, I like to calculate that I can divide one of these bigger plants into three or four smaller ones, shake off the useless compost and grow them on in my own soil in a special corner until next autumn. This practice gives you several plants for the price of one and allows you to break them gently into local conditions.

At this late stage, if you want an instant border, sow hardy annuals or buy some of the more bearable varieties of dahlia – which really do exist. Do not believe that you will make it in three months from a mass of container-grown purchases, brought back from a display unit in a burst of post-electoral confidence.

Fishing

The biggest catch of all

Russia is the latest 'in' angling destination, reports Tom Fort

A CENTURY ago, Norway was the place for the moneyed angler seeking something out of the ordinary. For a time, in the 1920s and 1930s, Sweden, and in particular the River Em, where the giant sea trout ran, was the place to be seen. Later still Alaska and Canada held sway, although Iceland had its enthusiasts. But now now there is only one wilderness which the fashion-conscious fisherman need bother with – Russia.

The sporting possibilities revealed in the wreckage of the Soviet Union have been hungrily seized upon by specialist travel companies. So far, attention has been focused on the salmon rivers of the Kola peninsular, which thrusts itself like a thumb into the Barents Sea north east of St Petersburg. The reports are of great runs of salmon, and sport of a quality now almost unheard of in the West.

Already the frontiers are being pushed further back. I see that one company is offering trips to Kamchatka, with the promise of Pacific salmon. Another invites you to join what it calls a research fishing trip to somewhere called Yakutia, in Siberia, where sturgeon may be caught.

I am afraid that I have no first-hand experience. I was offered the chance to go to Kola last year, but decided that ten days in the treeless, mosquito-infested tundra, pulling out salmon as fast as I could and putting them back again (catch-and-release is accepted practice) might not be as much fun as it first appeared. There was also – I confess it with shame – a nagging fear that I might not pull anything out, and that reputation and self-esteem might suffer.

However, although I have not fished in Russia myself, I have before me an entertaining account from one who has – although his experiences are a far cry from those glowingly advertised by Messrs Abercrombie and Kent and the rest. I met Marius-Adrian Dumitru while I was fishing in Transylvania a couple of years ago. His exceedingly pretty wife gave me a bag of cherries on a hot and thirsty day, and he and I talked fishing and became firm friends.

Last autumn, he travelled to St Petersburg as a guest of the city's Anglers' and Hunters' Association. His description begins arrestingly: "Numberless are the rivers and lakes of the great Russian taiga, but how to reach them?" Certainly, many people reached them, and some of them for ever. Marius found the Russians a very hospitable people. "I was assailed", he writes, "with real delicatessen richly aspersed with the never-failing vodka."

He also found his hosts entirely ignorant on matters of fly-fishing. On the River Vilojba – about 200 miles east of St Petersburg – Marius was able to show the Russians what they were missing.

From the Vilojba, Marius travelled north, to Karelia and the lake of Ladoga. He met a Romanian girl, Roxana. "She proved to be my fairy as, after a whole week of endless rain, I finally had a wonderful autumn day. We crossed dark fir tree forests, past rivers and clear lakes, towards our destination."

Ladoga is celebrated, apparently, for a species of trout called the Kumja, which grows to 15lb and more. But Marius concentrated on another fish: "Above me, thousands of ephemerids flew incessantly, and the grayling came to the surface to take my forgeries. When the setting sun lengthened the shadows of the trees over the lake, I felt a fish hang heavy on the end of my line. It was sixteen inches long – perhaps one-and-a-half pounds. Then the rain came down again."

Perversely, perhaps, I find this sort of thing more congenial to my imagination than the thought of ten days of salmon plunder in Kola. I would love to wander the streams that feed Ladoga. I could be lured to the lakes of Armenia, or to mighty Baikal. Kamchatka sounds a little chilly, and as I cannot find Yakutia on the map, I will have to reserve judgment.

One place I am very keen on at the moment is Outer Mongolia. The other day, leafing through a 65-year-old copy of *The Field*, I came across a photograph of a Mr V. de Franck, holding a vast fish, a taimen of 58lb. Of the taimen I know no more than that it is a relative of the salmon. de Franck describes it as a grim and vicious fighter, and since he caught 37 of them on a two week trip, I am prepared to take his word for it.

The river on which he enjoyed this sport was the Gan, whose limpid waters – he says – flow from the Hingan Mountains across the plain of the North Barga. I have been unable to find the Gan, or the town of Kantagaitu (The Elks Are Here, in English), where he stayed. But the Argun – into which the Gan flows – forms the border between Russia and China, so it must be on one side or the other.

As a final recommendation, de Franck says: "This territory is 100 per cent safe from the Chinese brigands who infest other parts of North Manchuria and have closed many promising fishing and shooting grounds to the sportsman."

What more do I need to know? I have always wanted to be an authority on something. Why not the Manchurian, or Mongolian, taimen?

Twinkling star of the Enlightenment

Anthony Curtis applauds an examination of Diderot's life and deceptions

WHAT IS the English for the 18th century French word *philosophe*? Thinker? Ironist? Satirist? Wise man? Nothing quite works but it is at least clear the philosophes were not philosophers pure and simple, in the sense that they formulated a complete system of thought. In this respect they are not like, say, Descartes, Locke or Hume; yet to understand their work in any kind of depth you have to engage with a great deal of hard-core philosophical argument. Their most cogent British interpreters have tended to be professional philosophers or political scientists, Ayer on Voltaire (1986) and Cranston on Rousseau – in a major biography of which the final volume is still awaited.

P.N. Furbank is the exception in that he is a literary critic and biographer with previous books on EM Forster, Samuel Butler and Italo Svevo to his credit. Yet happily Furbank is more than capable of presenting with clarity the main philosophical issues that abound in the work of Diderot. The sub-title – "a critical biography" – is here an exact description of the book. Furbank deals comprehensively with the life and the work of this liberating writer in roughly equal parts.

Diderot, son of a cutler, was a wonderfully entertaining, radically subversive genius. He was, above all, brave; never afraid to risk his neck in publicly proclaiming his violently anti-clerical views with immense vigour in spite of having suffered a period of harsh imprisonment in his youth on account of them. If Diderot is best known to us as the architect of the *Encyclopédie*, as an early champion of the notion of the Tree of Knowledge, and more generally as a protagonist of the Enlightenment (a term about which

DIDEROT
by P.N.Furbank
Secker & Warburg £25, 523 pages

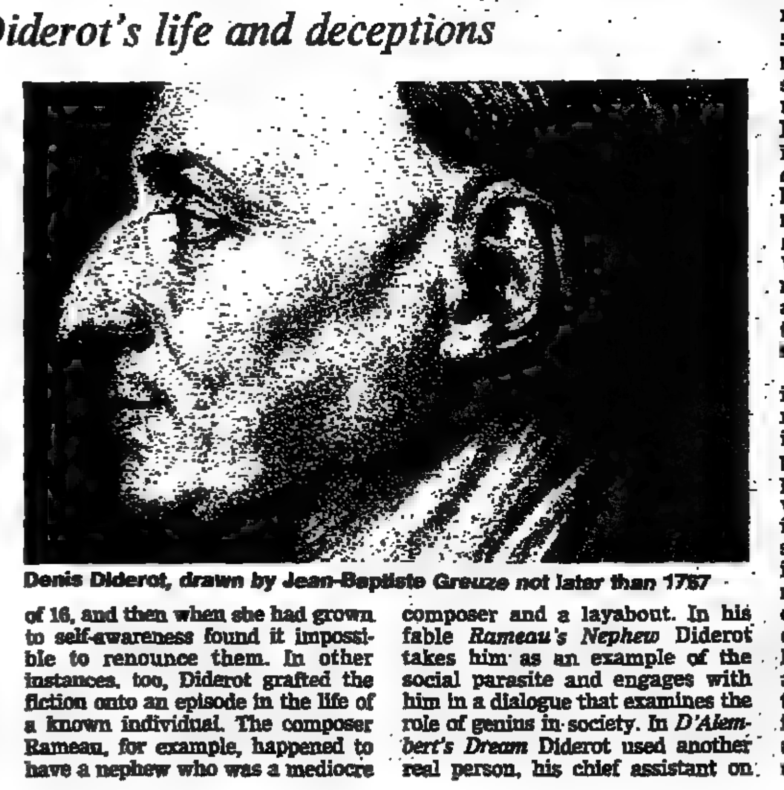
this book has some sharply corrective things to say), we are reminded by Furbank that Diderot's total output also included many polemical essays and treatises, regular art criticism, pieces of theatre, and some brilliant fictional dialogues.

A sense of virtuosic performance typifies Diderot's life as much as it did his work. He was greatly in demand socially, and would entrance his contemporaries by his flow of sparkling discourse even when he was embattled in furious argument with them. He had long love-hate relations with both Rousseau and Voltaire, less stormy ones with his other collaborators on the Encyclopedia, D'Alembert, Holbach, Naigeon, and with Baron Grimm (not to be confused with the folklorists of the same name). One of Diderot's greatest fans was Catherine the Great, who supported him financially for much of his career and persuaded him at an advanced age to go to St Petersburg as her adviser on how to run her empire; though she does not seem to have acted on his voluminous advice.

Furbank paints vivid portraits of Diderot's shrewish wife, Nanette, and of his intellectual mistress, Sophie Volland. Diderot was torn apart like any typical *honnête homme* or *père de famille* in a boulevard farce. Unlike Rousseau he accepted the burden of parenthood but did not allow it to impair his career. Nothing in his life ever could or did. He was unceasingly industrious. His surviving child married a businessman who prospered and she provided Diderot with two grandchildren upon whom he doted. Angélique, his daughter, also wrote the earliest life of Diderot.

Furbank places Diderot's novels within the tradition of European fiction in the 18th century and highlights their relevance and readability today. This is his most useful service for the lay reader. He draws an interesting distinction between novelists like Jane Austen, Balzac and Dickens, and many other mainstream writers of fiction, who rely on giving their readers an illusion of reality, and those like Diderot who practise a kind of deception or con trick on them. In Diderot the reader is deceived into believing that the events described actually occurred. Diderot much admired the work of Richardson, where this kind of deceptive technique is apparent in the way the events of the novel are viewed at one remove through a sequence of authentic-seeming letters, all of them carefully dated.

Diderot's deceptions took many devious forms. His novel about the horrors of conventual life, *The Nun*, derived from a case of an unwanted illegitimate female child who was forced to take nun's vows at the age


Denis Diderot, drawn by Jean-Baptiste Greuze not later than 1767

of 16, and then when she had grown to self-awareness found it impossible to renounce them. In other instances, too, Diderot grafted the fiction onto an episode in the life of a known individual. The composer Rameau, for example, happened to have a nephew who was a mediocre composer and a layabout. In his fable *Rameau's Nephew* Diderot takes him as an example of the social parasite and engages with him in a dialogue that examines the role of genius in society. In *D'Alembert's Dream* Diderot used another real person, his chief assistant on the Encyclopedia, the mathematician D'Alembert, to initiate a dramatically conveyed discussion of materialism.

The obscurity nowadays of the real people deployed by Diderot in such works has prevented them reaching many British readers outside the universities. If we are ignorant of the French naval officer Louis-Antoine de Bougainville, who in 1771 wrote an account of a *Voyage around the world* (except perhaps through the purple plant named after him), why should we read Diderot's *Supplément* to that *Voyage*? Yet the *Supplément* is a masterpiece of irony, hilariously arguing the case for polygamy and the economic virtues inherent in a state of nature.

These strategies of deception also include direct addresses to the reader whom Diderot invites to join in the argument. His most elaborate performance of this kind was the posthumous *Jacques the Fatalist*, to which Furbank devotes a concluding chapter. It is a book that defies summary, a running dialogue inverting the relations between master and servant; in part a parody of Cervantes, also an essay on determinism, and a landmark in the history of the anti-novel. It appeared in a readable English translation in the Penguin classics in 1986. After Furbank it should acquire many more British admirers.

FT Children's Book of the Month

Mightier than the bully

SIR Walter Scott was greatly troubled by the initial response from scholars and men of letters to his proposal in 1832 that he produce a work on fairy tales. Wasn't such a thing beneath the dignity of a great literary man such as himself? The consequence was that he found himself obliged to make it "a neat thing" that would be "obnoxious to ridicule". This story is told in the preface to a book entitled *The Classic Fairy Tales*, published almost 20 years ago by Iona and Peter Opie. If the study of children's literature in our day is no longer felt to be beneath contempt, we have in part the Opies to thank.

Over the past 40 years, Iona and Peter Opie have made an inestimable contribution – in such books as *The Lore and Language of Schoolchildren* (1959), *The Oxford Dictionary of Nursery Rhymes* (1951) and *Tail Feathers from Mother Goose* (1988) – to our understanding of the relationship between literature and the oral tradition in so far as it relates to the world of childhood. Assiduous folklorists, they have been the Brothers Grimm of our times; and their studies have always been enlivened by a characteristic mixture of childish curiosity and academic rigour, humour and seriousness.

This month sees the publication of *I Saw Esau*, a remarkable collaboration between the Opies and the acclaimed illustrator of children's books, Maurice Sendak, author of *Where the Wild Things Are, In the Night Kitchen* and many other award-winning titles.

Sendak's most revolutionary work was first published in the 1960s, and it was shocking for its lack of sentimentality. Sendak set that whole generation of children's illustrators a positive example by confronting childhood fears head on – the

I SAW ESAU
edited by Iona and Peter Opie, illustrated by Maurice Sendak
Walker Books £9.99, 160 pages

fear of the dark; the fear of monsters; the fear of feeling helpless and small in a world of giants. Somehow his illustrations managed to tame, normalise, and even to domesticate such anxieties. You might even say that he was at one with all those efforts that have been made in the 20th century – by psychoanalysis, surrealism and much else – to bring about a fruitful, healing accommodation between the world of fantasy and everyday reality.

The new book has a curious history. The Opies gathered these rhymes in the immediate aftermath of the Second World War, and the collection was published in a small, limited edition – paper was strictly rationed in those days. One copy alone survived from that printing, tucked away in the back of a cupboard. Forty years later it was rediscovered and shown to Maurice Sendak in New York who, enthused by the content, agreed to illustrate it.


Characters of myth and magic from *I saw Esau*, edited by Iona and Peter Opie, illustrated by Maurice Sendack

This collection of 170 rhymes is subtitled "The schoolchild's pocket book" and it is indeed a *vade mecum*, a book for all occasions, zestful, humorous, but also savage and macabre. There are rhymes of insult and retaliation; rhymes of teasing and repartee; counting rhymes, skipping rhymes; tongue twisters, riddles and general teasers; lashings of nonsense and bamboozling circular narratives.

Sendak has illustrated it in zestful colour throughout, enthusiastically filling up every available inch of blank space with illustrations small, medium and large – squawling babies; shrieking maids in mob caps; horned ogres with vast, cavernous mouths; leaping dogs and cavorting donkeys; and everywhere, those rumbustious children in rags and tatters and big top hats, fleeing, skipping, jumping, cartwheeling off the edge of the page. There are as many different kinds and style of illustration as there are subjects to match and fishes in the sea.

What never fails to charm and surprise us about the collection itself is the fact that there is such a demonstrable continuity between past and present. Among the nonsense verses we find the following familiar lines, for example: One fine day in the middle of the night / Two dead men got up to fight / A blind man came to see fair play / A dumb man came to shout hurray.

A note to the rhyme informs us that this is one of the oldest forms of nonsense, and then goes on to cite an amusement that was jotted down in the notebook of a minstrel in 1460. The translation reads as follows: I saw three headless (men) / playing at ball / A handless man served / them all / While three mouthless (men) / sang and howled / Three legless (men) / drove them away . . .

Rhymes may die for whole generations, it seems, then mysteriously reappear in a slightly modified form elsewhere. Like the thistles in Ted Hughes's fine poem of that name, they come fighting back over the same ground, vigorous as ever. In this book, they are part of the schoolchild's armoury – a way of overcoming fear and embarrassment, a magical means of incapacitating the school bully with mere words. And mere words, of course, endure.

Michael Glover

Whaddya mean illiterate?

I ONCE saw a notice in a London bus explaining scheduling changes which concluded with the words, "So the buses run smoother, and there are less delays". To purists this sentence is a ghastly example of the quasi-illiteracy which besets our culture. To the more liberal-minded, it is an example of desirable simplification in the direction of demotic forms.

How might the quarrel between purist and liberal be decided? The purist will say, "The writer of this notice ignored logic. He was talking of bus services, not tyres, so it is not the buses but the services which run more smoothly, and that is why he must use the comparative adverb 'more smoothly', not the comparative adjective 'smoother', because it is the verb 'run' which is being qualified, not the noun 'buses'. Moreover, it is either 'less delay' or 'fewer delays' but not 'less delays', since in the plural the word 'delay' is a count noun not a mass term."

Liberals will respond by saying that the original sentence is perfectly intelligible, which is all that matters. Purists might defend nice distinctions and aesthetics, but liberals are unpersuaded: speakers, they argue, wish to communicate, and whatever serves them is good English.

At least one thing is clear: as long as language exists, it will change; and change will always provoke complaint. Among the targets in Richard Bailey's book are the complainers. He attacks them for wishing to preserve English in literary aspics of one flavour or another, and he also attacks those who think English is pre-eminent among languages, an attitude which arose with Empire and has accompanied

IMAGES OF ENGLISH
by Richard W. Bailey
Cambridge £16.95, 329 pages

and promoted some of the worst excesses of English-speakers' snobbery, colonialism, and self-aggrandisement. The official aim of Bailey's book is to give a "cultural history of English"; its real aim is to expose and debunk English-speakers' pretensions.

If Bailey were just another commentator these aims would seem merely partisan contributions to the familiar purist-liberal quarrel. But he is an associate editor of the forthcoming *Oxford Companion to the English Language*, and there is something significant about a Professor of English, engaged in authoritative research, so clearly setting out a reductive view of the place and importance of the English language.

Bailey begins with a surprising fact: that the number of people regularly using English in their daily lives is only 15 per cent of the world's population, and declining. The belief that English is an international language and still growing in importance may bolster English-speaking egos, but its hold on this role is slipping, according to Bailey, not just because Japanese, German and Chinese are growing in importance, as a result of economic influence and sheer numbers, but because English itself is fragmenting into many varieties, some already unintelligible to the mainstream.

By extensive use of quotation Bailey shows how English first captured the British Isles and then, after an uncomfortable start without settled spelling and grammar, began to impose itself abroad through colonialism.

The attitude of Cotton Mather, the 17th century American colonist and divine, is typical; he resisted the idea of an Indian edition of the Bible on the ground that "It is very sure, that the best thing we can do for our Indians, is to Anglicize them in . . . language, as well as otherwise."

Praise of English, efforts to increase its influence, improve its spelling, or protect its purity, are observed by Bailey with a sardonic eye. So too are claims about the supposed damaging tendencies of slang, neologisms and jargon. At the same date as the *Book of Common Prayer* – that exquisite jewel of the tongue – was being compiled, John Evelyn complained of English's corruption by "pedantry of schooles, affectation of travellers, translations, fancy and style of Court, servility and mincing of citizens, pulpits, political remonstrances, theatres, shopps, &c." Today the causes of linguistic decay are cited as television, poor education, advertising, computer jargon, and the argot of youth culture. Bailey's view is that the language never decays; it merely changes.

This is true; and change is irresistible. But Bailey leaves two large points unconsidered. First, standards may change, but they exist nevertheless. At every point in its history there has been good and bad English of the day, and we need to grasp the difference. And secondly, a language is as great as its literature; all the world's great languages are rich in this respect, English among the first. Taking this into account might have influenced some of Bailey's judgments more positively.

A.C. Grayling

The losers' champion

"FOR FIVE centuries," writes Roland Wright, "we have listened only to the history of the winners." *Stolen Continents* redresses the balance by portraying the European "discovery" of the continents of North and South America from a "native" perspective.

In selecting the Aztecs, Mayas, Incas, Iroquois and Cherokee, he has focused on the most complex societies for whom the greatest source material is available. "The five I have chosen must therefore stand for the many who will never tell their stories because they are extinct. The silence of the Caribbean Taino, the Newfoundland Beothuk, and the Ona of Tierra del Fuego is the most terrible eloquence of all."

Wright portrays the history of these five groupings during three phases: invasion, resistance, rebirth. The book is timely, not just because this year marks the 500th anniversary of Columbus's first voyage across the Atlantic, but because Wright follows the story through to the vociferous nationalism of today.

His account is passionate and moving. Through reconstruction of wide-ranging primary sources the reader can relive the agonies of the original inhabitants at the hands of the invaders. But whereas we may be accustomed to the dev-

STOLEN CONTINENTS: THE INDIAN STORY
by Roland Wright
John Murray £19.95, 424 pages

astation of the Aztecs as recounted in the sixteenth-century Florentine Code, the continued persecution of the indigenous population comes as a surprise. The memoirs of the Guatemalan Mayan activist Rigoberta Menchú, written in 1983, are so horrific that Wright admits some people may not believe that such horrors really happened.

Wright sees the superior European attitude towards the "primitive" natives as almost laughable were the consequences not so tragic. The "Requirement" read by the sixteenth-century Spaniards to the local people at each encounter demanded they submit to God, the Pope and the Church. "And if you do not do this . . . with the help of God I shall come mightily against you, and I shall make war on you everywhere . . . and I shall do all the evil and damage to you that I am able. And insist that the deaths and destruction that result from this will be your fault." This "shabby document", as Wright points out, was a symbolic necessity to justify outright plunder. The Indians understood neither its meaning nor its intent.

Apologists for the European "invasion" rightly point out that what decimated the local people was not so much warfare but European diseases. But Wright stresses the consequences of Lord Jeffrey Amherst's command against the Iroquois in 1762. "Infect the Indians with sheets upon which smallpox patients have been lying or by any other means which may serve to exterminate this accursed race." The epidemic raged all summer, says Wright. "One by one the leaders who survived it were compelled to sue for peace."

Whether he is talking about the Incas, Aztecs, Mayas, of South and Mesoamerica, or the Cherokee and Iroquois of North America, the "Indian story" is a tawdry one of misunderstanding and betrayal. Time and again the new arrivals in North America reneged on their treaty obligations with the original inhabitants who had once made them welcome.

There never was any expectation that the "white" and "Indian" cultures might coexist. Thousands of books of Mayan hieroglyphs were destroyed because the Spaniards could not understand them. When finally the remaining few were deciphered, they revealed advanced astronomical information. In their attempt to eradicate the Inca culture, the Spaniards banned Quecha song, music and theatre. Even well-meant reforms backfired.

Although the title of the book indicates that the continents of North and South America have been "stolen" from their pre-Columbian inhabitants, the reader is left in no doubt that 500 years later the "theft" is still being contested by those who have not lost sight of their ancient culture or language. "If Guatemala really had majority rule, it would be a Maya republic," says Wright. In the Andes 12m people speak the Inca language. There are more Iroquois living in North America than there have been for three and a half centuries. And the eastern Cherokees have managed to remain in the Great Smoky mountains where they lived in pre-Columbian times.

Victoria Schofield

Fiction

Lord Byron's unpretty Polly

BYRONIC memoirs are becoming a new literary genre. *Lord Byron's Doctor* first appeared in the US in 1989, the same year that Robert Nye's *Memoirs of Lord Byron* came out here. *Mab's Daughters*, by the Shelleyean academic Judith Chernaik, added the female points of view, with imagined extracts from the diaries of four of the women in Shelley's life, one of whom was Byron's mistress.

The odd thing is that these imaginative monologues, taking off from the same sparse facts, do not contradict each other, but weigh in with accumulative effect. They can even be read alongside straightforward biographies, although the "reconstructions" are so lively and accomplished that conventional biography is in danger of seeming tame.

Nye's Byron does not even mention the despised Doctor Polidori, while Chernaik's women find him a pathetic figure of fun, a marginal character. Paul West lets him address us from centre stage. Son of an Italian father and an English mother, educated at Ampleforth and Edinburgh, Polidori was a prurient, conceited 20-year-old with literary ambitions when Byron took him abroad in 1816 as physician-companion. The poet quickly tired of his "Polly". When they met the Shelley household on Lake Geneva their outings were frequently punctuated by Byron's exclamation, "Thank God Polidori is not here."

LORD BYRON'S DOCTOR
by Paul West
Serpent's Tail £9.99, 277 pages

THE BUTCHER'S BOY
by Patrick McCabe
Picador £14.99, 215 pages

INHERITANCE
by David Pryce-Jones
Weidenfeld & Nicolson £14.99, 252 pages

Opium, sex and social climbing were the young doctor's main interests. His detailed accounts of Lord Byron's member ("pallid warts on the scrotum") and Lord Guilford's bowels, among other medical curiosities, are not for the squeamish. And yet, such is the power of Paul West's achievement, one starts to feel sympathy for the derided outsider, so far out of his depth.

So great is his self obsession that information about his companions is incidental. Byron's publisher, John Murray, promised him £500 for a diary of his travels with Byron, but on receiving the document asked: "You did go with Lord Byron, did you not? I do not find him here." Paul West's Polidori has the same shortcoming, and yet holds our interest as a convincing and disturbing portrait of one of history's losers.

The Butcher's Boy features an even more obscure loser. Francie Brady, orphan, soft in the head, has killed Mrs Nugent for reasons known only to himself, and the reader is plunged into his wandering mind. Punctuation is minimal and quotation marks omitted to give greater play to the grisly events recorded. The misery and deprivation of working class life in rural Ireland have never been so brutally evoked: steaming dung heaps, the whine of the bacon slicer, and a tractor "farting off home to the mountains with a trailer of muck." Francie, it turns out, is a "lifer" recalling his past. "No more hanging? I says. For fuck's sake! What's this country coming to?" This is the third novel by Patrick McCabe (born County Monaghan, 1955), and the strongest to come out of Ireland in many a year.

It was a relief to turn to the sunny Italian hills of *Inheritance*, and the imposing old villa owned by the wealthy widow Dina. Italo Calvino, Iris Origo, the young Bruce Chatwin and other fashionable expatriates mingle with the fictional cast. The textures and colours of the villa, its furnishings and garden, the details of dress, are so enjoyably described that sometimes I felt I was looking at a back number of *Harper's*. But, even better, there is a very clever story, told as if piecing together various verbatim accounts of events in retrospect, which adds to the mystery.

The novel opens with a visit to Assisi in which the elderly Dina has a heart attack and a vision of her late husband, Andrew. As she recovers, Andrew takes to interrupting her sessions with the BBC World Service to convey urgent mystical messages. Dina dedicates herself and her considerable wealth to promoting the resulting religious movement, under the slogan: "Unite the Impossible". In no time, clergymen are squabbling over the inheritance. When her grown children realise what is going on, it is far too late. Pryce-Jones gives us a rich combination: a well evoked foreign location, a good story told with dry humour, and the satisfaction of reading about the follies of the rich.

Alannah Hopkin

ARTS

Off the Wall/Antony Thorncroft

Fewer platitudes, more cash

ROBERT KEY, David Mellor's number two at the Ministry of National Heritage, performed badly – platitudes galore – at his first appearance before the arts community on Thursday night at the National Art Collections Fund Awards ceremony. Sir Nigel Mobbs, chairman of Slough Estates, sponsors of the event, summed up the reaction by calling for more money for the arts – and fewer platitudes. He spoilt his case by announcing that, after six years, Slough was withdrawing its sponsorship.

The Awards were the swansong for Sir Peter Wakefield, who is retiring as director of the NACF. He leaves an impressive record – a trebling of the membership to 35,000 and a rise from £300,000 to £2m a year in NACF's contributions to save works of art for the nation.

This years winners were Whitechapel Gallery for its community education programme; The Arts Newspaper; Art in Albany Prison; the Homerton Hospital Art Trust; and the Fan Museum at Greenwich.

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If David Mellor wants to get his new Ministry for the National Heritage off to a spanking start he should quickly find the £500,000 needed to beautify the new British Library nearing completion (phase one anyway) in the Euston Road.

The crassest decision of his civil servants when he was at the Treasury was to cheesepare over the commissioning of art to set off the £450m building. Since this is the most expensive national monument of the century, mooted at one time as Margaret Thatcher's permanent memorial, there is a case for spending a full 1 per cent of the building costs on art. With £45m, you could have created something to put all the recent Parisian monuments in the shade. Instead a miserly sum was earmarked – and then withdrawn, even though artists like R.B. Kitaj and Eduardo Paolozzi had been commissioned to produce a huge tapestry and a large sculpture.

The Library was told to raise the money for art from sponsorship, a time-consuming task in a recession, and hardly its first priority. Now Mellor can make good his lapse. He had better hurry. An imaginative scheme has emerged which should tempt a sponsor to find the £250,000 needed for the Paolozzi monument. The sculptor has agreed to give the sponsor a free second casting of his 12ft high sculpture, which is inspired by Newton.

To make such an offer irresistible there are other benefits - the sponsor will be immortalised by having their name inscribed on the plinth; receive an invitation to next year's opening by the Queen; and doubtless qualify for a tax benefit. A final incentive is that a recent Paolozzi sculpture has just been insured for £1m. Such a commercial deal to dress up a national monument should be enough to embarrass the Government into action.

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The phone has hardly stopped ringing at Sotheby's since it wrote to members of Lloyds last week reminding them that, to ease their current financial woes, they might like to cash in their art collections. Some felt that the auction house was taking on the character of a vulture, feeding off the discomfiture of hard-pressed Names.

In the event, the offer of a free valuation of their works of art, and

Glyndebourne has raised funds with an unmatched charm and facility

the promise of a cash advance of a third of Sotheby's valuation if the owner felt obliged to sell at auction, struck a chord. There have been more than 50 calls, with the first valuation taking place today.

Sotheby's has been surprised at the quality of the antiques, which include important Impressionist and modern British pictures. One problem is the weakness of the art market – many modern British pictures are worth less than what their owners paid for them during the 1980s boom years. But needs must, and the auction house thinks that demand is picking up, fuelled by post-Election euphoria. It will recommend that some Names sell at auction in the next few months to release the cash needed to meet the bills from Lloyds when they land on their mats around July.

■ ■ ■

GLYNDEBOURNE opens next Saturday with a new production of *Peter Grimes*. And for once, this most traditional of English Festivals will be different. Not as different as next year, when there will be no Festival at all, nor as 1994, when the audience will gather on May 28 for *The Marriage of Figaro* in a new £33m auditorium, in a new Glyndebourne. But different enough.

Since last August, Glyndebourne has been a building site. The development has stormed ahead. The shape of the new theatre is clearly visible. The old walled garden and the tennis court have been demolished too, but there has been a temporary reprieve for the auditorium, where this summer Glyndebourne is holding a shortened Festival, starting four weeks earlier to allow for total destruction in August.

Apart from the work in progress, which does not impinge on the traditional pleasure grounds, and the possibility of nippy picnics at the early May performances, there is one more change this year. Glyndebourne was unable to find a company prepared to put up £100,000 to sponsor *Peter Grimes*.

It is not too surprised, nor too perturbed. Since launching the appeal for funds to build the new theatre, chairman Sir George Christie has extracted money from big business with a charm and facility unmatched in the history of British artistic philanthropy. In two years, companies have pledged almost £25m – the bulk of the £28m so far raised. The total contributed by sponsorship to performing arts is only £57m a year, such is Glyndebourne's importance as a mecca for culture and hospitality.

And this is just the start. By pledging money now, corporate members earn the privilege of paying yet more money in the future: for annual subscription and the purchase of guaranteed tickets.

General director Anthony Whitworth-Jones admits that Glyndebourne got in just in time, weeks before the recession really began to bite. It has still not achieved its target from the corporate sector, but as the new building shows off its qualities, it hopes to should round up the backsliders.

Although the facts of life force the Festival to embrace the corporate sector, they keep it firmly in its place. The new theatre adds 320 seats, making 1,150, but businessmen will be confined to 35 per cent, with the bulk, around 50 per cent, going to individual members, and the remainder to the general public. And there will be cheap standing places at every performance. Glyndebourne is not nearly as exclusive as its reputation suggests. There are still a few May tickets going for speedy callers.

Screen/Nigel Andrews

Whose film is it anyway?


A scene from Brian De Palma's Bonfire of the Vanities: can we expect a radically re-cut version?

THE PAST has always come to us neatly packaged. Give history enough time and it will reduce itself, as all schoolboys know, to a grab-bag of dates, political milestones and rhyming mnemonics ("Willy, Willy, Harry, Steve").

The remarkable thing about cinema history is that, unlike real history, it *has* been neat and simple: at least until now. 99 out of 100 films were made to a certain length and shown at that length. They had no life beyond the cinema, so there was no call for longer TV/video versions aimed at the mini-series market or shorter TV/video versions aimed at turning epics into teledramas.

In addition, the studio era kept the director's ego on a leash, deterring him from crying "Foul" if his film left the cutting-room minus his favourite scenes.

Today all is different. Multiplying delivery systems and declarations of war by hard-done directors make the modern feature film the world's most frighteningly elastic work of art.

When a film is not actually born in two distinct versions - as recently in Rivette's 4-hour *La Belle Noiseuse* twin-packed with a 2-hour "Divertimento" - it can have a delayed rebirth as that increasingly voguish phenomenon, the "director's version". Witness *A Star Is Born* (Cukor), *Lawrence Of Arabia* (Lean), *Betty Blue* (Beineix) and, soon to reach us, James Cameron's revised *Aliens* and Ridley Scott's revised *Blade Runner*.

Scouring the cutting-room floor, auteurs collect the celluloid that they once had to excise at a producer's whim and stick it back in. Sometimes too, a director changes his *own* mind. Video allows him to push out a second version of his film without blaming anyone else for the first. The world is treated to, say, Steven Spielberg's *Close Encounters Of The Third Kind: The Special Edition*.

Meanwhile, there are movies or movie-sagas expended for TV serialisation (*The Godfather*), made-for-TV films that live a ghostly second life on the large screen (*Broadway Bound*) and films that cannot make up their minds at all whether they are features or teledramas or mini-series (Altman's *Vincent And Theo*). Even that notable modern mould-breaker *Twin Peaks* began life as a TV series pilot *cum* mini-feature *cum* video.

No one has worked out what all this portends culturally, least of all the directors. German film-maker Wim Wenders denies that his 2½-hour sci-fi fable *Until The End Of The World* is a contractually enforced compromise version, but he admits to having a preferred five-hour version up his sleeve for later release.

Further back in time, Michael Cimino's ill-fated *Heaven's Gate* fought for survival in three different versions, ranging from the director's cherished 4¼-hour cut to a 90-minute TV quickie called *The Johnson County War*.

Bygone film-makers such as D.W. Griffith, Abel Gance and Erich Von Stroheim all faced the curse of the scissors from censors or studios. But they, unlike their descendants, could seldom combat the finality of the release version.

Today, TV and video allow a director a second or third bite at the cherry of artistic perfection. Result: a world at once saner and madder. The awareness of expanded options liberates the director. But it also allows him to bewilder audiences by treating his film as an almost "work in progress".

This phrase has become a mantra of modern cinema. When two famous films were submitted to the Cannes Film Festival in different years as works-in-progress and won the Golden Palm - *Apocalypse Now* and *The Mission* - festival-goers rightly protested that they were being treated as sneak preview audiences. Either the film was ready to the director's satisfaction or it was not. If not, it should wait for another festival.

But then the sneak preview itself has assumed a special role in the age of the flexi-film. Is a movie ready when the director says so? Or when the studio says so? Or when a guinea-pig audience says so after filling in its preview cards and demanding that, say, Glenn Close be horribly slaughtered in *Fatal Attraction* or that the ending of *The Bonfire Of The Vanities* be radically re-cut (see Julie Salomon's enthralling production chronicle *The Devil's Candy*)?

Films are flexible today because so many paymasters call so many different tunes. Cinema has become the modern equivalent to oral storytelling. In the old days, the diverse responses of Tom, Dickon or Harry influenced the teller's tale so that it changed from one telling to the next. The storyteller with a high opinion of his art might protest, but the fluid nature of the audience patterned the fluidity of the work.

Some cinephiles today would claim that that fluidity has always existed in film: that the finite nature even of past works of cinema is illusory. Scholars and restorers such as Britain's Kevin Brownlow (*Napoleon*) and America's Robert Harris (*Lawrence Of Arabia*) earn a living from regarding old movies too as being in a state of perpetual evolution. But even these men tend to have a guiding light to move towards: that inspirational concept of "the director's intention".

We are fast entering an age, though, when this concept, too, is exposed as unsound. It supposes not only that the director *had* an intention - debatable in the hurly-burly of most film-making - but that the director is the highest reference point and authority. Is he?

One could argue that the true author of a successful commercial film is the studio that first packaged the ingredients, or the star who lovingly nursed the project as his next career move, or the screenwriter who put pen to paper, or even the novelist whose best-seller made the film a going concern from the start.

Cinema gets us into these confusions because it *is* a corporate art like cathedral-building, not a single-signature art like novel-writing or composing. In many ways, the proliferating confusions of the flexi-film do us a service by pointing out a truth long overdue: that, since movies emerge from a turmoil of creative minds, it is fair to reflect that in a turmoil of release versions and delivery systems.

Equally, if film-making is increasingly shaped by the imagined or market-researched demands of the viewers who will pay for it, then new viewing contexts are justified in making their own new demands. If the screen's ravening appetite and ramifying digestive systems demand that a successful movie doubles as a mini-series or a pop promo or a sitcom, who is the director or anyone else to say nay?

In years to come the "definitive" version of a film could become as elusive or controversial as those rarer instances of protean identity in other arts: from Verdi's *Don Carlos* to Joyce's *Ulysses*. But unlike them, in the perversely polymorphous context of movie authorship, there is no artist-as-God-the-father looking down and advising from the heavens.

A world where "democratic" has become the most approved and talismanic word in the language has got the democratic art it silently called for but is struggling, not so silently, to understand it.

Theatres in old London

IN 1600, theatre takings were put in piggy banks, until someone had time to break the pottery moneyboxes and count the cash. The play cost a penny for the groundlings in the yard, and seats in the galleries were two pence. Broken piggy banks from the 1988-89 dig in the Rose Theatre in Southwark are an evocative part of a newly opened permanent display of Tudor and Stuart theatres in the Museum of London.

The Rose, over the road from the FT's building, was at the heart of theatreland in the days of Marlowe and Shakespeare. Across Park Street was the Globe. Nearby were the Swan and the Hope, and the Bear Garden for bear baiting.

London's first theatre was The Theatre, built by James Burbage in 1576 in Shoreditch, beyond the rule of the City fathers. Similarly, Philip Henslowe put the Rose in Southwark in 1587. In 1599 Burbage demolished The Theatre and came south to build the Globe and start a lively rivalry. The Globe/Shakespeare players in Hamlet parody the Rose/Marlowe style of acting.

Centrepiece of the new display is a metre-high model of the Rose incorporating the results of the dig, which confirm details Henslowe recorded in his diaries.

The model includes the refreshment parlour that Henslowe's partner, the grocer John Cholmley, ran beside the Rose. A sword hilt and scabbard from the dig are rusty relics of many a swordplay. But missing from the display are the hazelnuts, which were those days' chocolates and popcorn. Both Rose and Globe digs produced masses of them.

At the Globe, the Museum of London has finished supplementary bore hole digs beneath the cellars of Anchor Terrace, paid for by the site's owner, Hanson, finding more of the theatre's perimeter. Now Hanson and the Museum are preparing a proposal for the future of the site. What a chance for the new French-style National Heritage Secretary to promote a French-style solution, a total excavation of the Globe – even if it means removing the lower floors of Anchor Terrace – to learn how Shakespeare was played in the theatre he wrote for. Bore holes are not enough.

Gerald Cadogan

Radio/B.A. Young

Time at Easter for the agnostics

EASTER Sunday gave the agnostics a run as well as the Christians. Radio 1's *A Damn Good Lie* examined the truth of the Crucifixion and the Resurrection, but the programme, presented by The Man Ezeke, was so elementarily Christian, songs and all, that doubters would remain doubters and believers believers, leaving us where we were.

Radio 4 gave *Easter Enigma*, a more serious debate chaired by a dubious Ludovic Kennedy, in which such contentious figures as the Bishop of Durham and Don Cupitt examined the Easter story from a realistic angle. And on BBC 1, for TV addicts, Joan Bakewell grilled some C of E parsons who showed little respect for the Nicene Creed.

Radio 4's Monday play, *Are Friends Electric?* by Lesley Davies, was a still life of a 15-year-old boy's death from cystic fibrosis, presented not to celebrate Easter Monday but to remind us that this was Cystic Fibrosis Week. Ben is ill throughout, and Richard Pearce's ghastly coughs and spits are a horrid part of his effective playing. As he lies in bed, he plays a computer game with an imaginary Gene, his enemy, and scenes from his life are called up. His two siblings Chas and Alex also have CF, as they call it; and if this seems a dramatic exaggeration, the dreadful fact is that the play is based on an actual case.

There is indeed dramatic exaggeration in some of the talk, but the situation can take it. John Rowe and Jennie Linden are Ben's patient father and impatient mother, and Peter Whitman the antagonistic Gene, that Ben conquers in his last supreme effort. We end at Ben's funeral, attended by "all these people we didn't know about," symbols of the complete life Ben lived in his 15 years. The play was touchingly directed by Cherry Cookson, and one must hope it will have met its object.

Still with drama, a six-part adaptation of Evelyn Waugh's *Decline and Fall* plays at 12.35 on Wednesdays. The adaptation by Jeremy Frost stays close to the novel, though pacing through it fairly fast. By lunchtime this week, a rather mature Paul Pennyfeather (Alistair McGowan) had been sent down, deprived of his inheritance, begun work at Llanabba Castle, and got drunk with Captain Grimes (Jim Broadbent).

Howard Barker's *A Hard Heart* was repeated on Tuesday on Radio 3. I wrote about it a month ago, but I mention it now because Radio 3 is only to have one play a week after the Proms. This seems to me idiotic, for this is where the best of the new drama is usually presented or repeated, and a new Radio 3 drama editor, Jeremy Howe, has only lately been appointed.

In the Radio Authority's complaints bulletin for January to March, only seven complaints out of 40 are based on political bias – four from the Andrew Neil programme on LBC, only one of them upheld. (Two other biases dealt with hunting and with fighting in Israel.) This was a fair record in the quarter before the election.

Forty programming complaints were sorted under five heads – bias, accuracy, taste and broken undertakings, together with six miscellaneous. Nine altogether were upheld by the Authority, whose reports, and subsequent reference to the stations concerned, seem notably sensible – especially in view of the frivolity of some of the complaints, such as dislike of music policy or jokes that "might offend lesbians".

The advertising complaints tend to be pretty trivial. If a phrase like "Columbus discovered America" offends American Indians, they must have been offended ages before North West Airlines got hold of it. Too many complaints are better than too few, though – better for listeners, that is, even if they are agony for the Authority.

Records/**David Murray**

Rosenkavalier at length

NOBODY, not even those who love every note of it, will deny that *Der Rosenkavalier* is rather too long; vastly too long, some would say. Except with a Baron Ochs of irrepressible geniality – like the late Kurt Böhme – the Act 3 farce soon wears thin, and I know one producer who vowed to delete the entire *levée* scene from Act 1 if ever he had the chance (luckily, he never did). For all its cultivated virtues, Haitink's new recording ignores the problem, thus bringing the listener face to face with it.

It is no secret that Strauss got carried away, as with almost every libretto he set later. His just-previous operas *Salome* and *Elektra* had left him room to expand within a safe one-act compass, but the newly sophisticated, conversational style of Hofmannsthal's three-act *Rosenkavalier* text tempted him to heedless felicities – beyond the playing-time that the comedy could bear. Afterwards, both creators admitted that. The usual stage solution is to make small cuts, but in recordings that would seem a cheat.

It should be enough to remember that it is primarily a romantic *comedy* (conceived on the lines of a cleverer *Fledermaus*), not a lachrymose drama, and that during his own lifetime Strauss deplored the tempi at which other conductors liked to draw it out. Though Haitink takes only a couple of minutes longer over each act than Erich Kleiber did in 1954 (Decca 425 950-2: an evergreen tonic) the effect is dishearteningly staid. In the waltz-hullabaloo at the final rout of Baron Ochs, for example, the orchestral voices register superbly – and yet there is hardly a twinkle in its eye, let alone a frank guffaw: it sounds like a majestic interlude.

Richard Strauss: *Der Rosenkavalier*. Von Otter, Te Kanawa, Hendricks, Rydl, Grundheber, Powell, Clark, Leech, Faulkner; Haitink/Dresden Staatskapelle & Opera Chorus, Dresden. EMI 7 54259 2 (three CDs)

Friedenstag. Marc, Roloff, Shirley, Wildermann, Broitman, Cassilly, Wood; Bass/Collegiate Chorale & Orchestra, NYC Gay Men's Chorus. Koch 3-71111-2 H1 (one CD)

Nikolai Medtner: Piano Concerti nos. 2 and 3. Demidenko, Maksymiuk/BBC Scottish Symphony. Hyperion CDA66580

Franz Schmidt: Symphony no. 3. **Paul Hindemith:** Concerto for Orchestra. Järvi/Chicago Symphony. Chandos CHAN 9000 CONCERT

Paganini: Violin Concerto no. 1. **Saint-Saëns:** Introduction & Rondo Capriccioso; Havanaise. **Bizet/Waxman:** "Carmen" Fantasy. Vengerov, Mehta/Israel Philharmonic. Teldec 9031-73266-2 RECITAL

Beethoven: "Kreutzer" Sonata, op. 47. **Brahms:** Sonata in A, op. 100. Vengerov, Markovich. Teldec 9031-74001-2

Strauss used to insist that Ochs is, after all, a nobleman, but Kurt Rydl allows him to be nothing else. From his grand bass, judicious and authoritative, you would never guess that this is one of the great, bumptious scamps of operatic comedy. All three principal ladies have radiant moments (they would sound lovely in extracts), and their characters are delicately fixed. None of them, however, is a native speaker, and their repartee plods where it should dance. Dame Kiri, in particular, likes to make "significant" phrases tell at half-speed. For Sophie, Barbara Hendricks' soprano sounds unwontedly dark, too much like Anne Sofie von Otter's fine, sober Octavian. In lesser parts, Richard Leech (the Italian Tenor), Claire Powell and Graham Clark (the intriguers) stand out.

For serious Straussians, the new recording of his 1938 one-acter *Friedenstag* ("Day of Peace") – the first ever – is of keener interest. It is an *opéra maudit*, all but forgotten since the initial performances incurred Nazi disfavour because of its untimely, undisguised pacifism.

A mediaeval Commandant and his forces, besieged in a fortress, are at the end of their resources; despite his loyal wife's yearning for a pacific future, he resolves to blow up the entire town rather than surrender. At what was to be the fatal moment, church bells ring out from everywhere: miraculously, peace has been declared from afar.

The score is stern and single-minded, with touches of Kurt Weill's acerbic style. Only the Wife (Alessandra Marc, best in full cry) is allowed some romantic expansion. For the bleak Commandant, Roger Roloff's baritone is uningratiating but effective, and the many small roles are cast from strength – George Shirley, William Wildermann, Ruben Broitman and Richard Cassilly among them. Roger Bass conducts the large orchestra and excellent choruses with a sure, sympathetic hand.

Some briefer notes on other new recordings of music from the period. With the Chicago Symphony, Neeme Järvi continues his rewarding cycle of Franz Schmidt's symphonies with the "Schubertian" Third. Fresh, eager playing, with the Scherzo at last performed properly up-tempo and to bracing purpose; only Järvi's Adagio is an aberration, treated as an urgent, passionate Andante instead of the dark meditation it really is. The Hindemith Concerto is a surprisingly attractive fill-up.

Among new virtuosi, the pianist Nikolai Demidenko and the very young Siberian violinist Maxim Vengerov have been making extraordinary impressions. Demidenko has often struck me as an eerily detached, chilly artist, but Medtner's music proves to suit him magnificently. The Second Concerto is the less remarkable here, hefty and rather close to Rakhmaninov (a Medtner classmate at the Moscow Concervatoire); the Third, however, is richly original and stirring, and Demidenko is magisterial with it.

The phenomenal young Vengerov will doubtless make hundreds more records, in due course. His playing is immaculate and devoted in the Beethoven and Brahms sonatas on Teldec, but his Russian partner is obtrusive, often distracting – like someone determined to make himself noticed. The concerto record with Mehta is much more fun: gorgeous tone, dazzling feats – you can enjoy amazing guests with Vengerov's fantastic account of the "Carmen" Fantasy.

A stale world

ADRIAN Mitchell's Columbus show, *A New World and the Tears of the Indians* is loosely adapted from a Lope de Vega play, *The Discovery of the New World*, written about a century after Columbus's voyages; but in proper liberal spirit, Mitchell has set it within Bartholome de las Casas' grim contemporary testimony about the later destruction of Columbus's gentle "Indians" by the Spaniards.

Bartholome's document is just spatchcocked in: a bit by way of prologue, and much more for an epilogue in which Columbus is presented with it. It is impossible to divine what Hugh Quarshie's hero may feel here – bemused? cynical? pained? defiant? Having smouldered darkly throughout the play (something for which Quarshie has an admired knack), and given nothing that might catch fire, he merely smoulders on.

The director Patrick Sandford and a hard-working multiracial cast do what they can for this half-baked text, in Robin Don's deft, inviting set. Presumably Lope's verse-play was in high epic colour with quaint native vignettes.

In the programme Mitchell writes that "hindsight has made some of his comedy unplayable" (so he has cut it); foresight, however, might have suggested that flat modern-colloquial, like most of Mitchell's language here, would not enhance the drama.

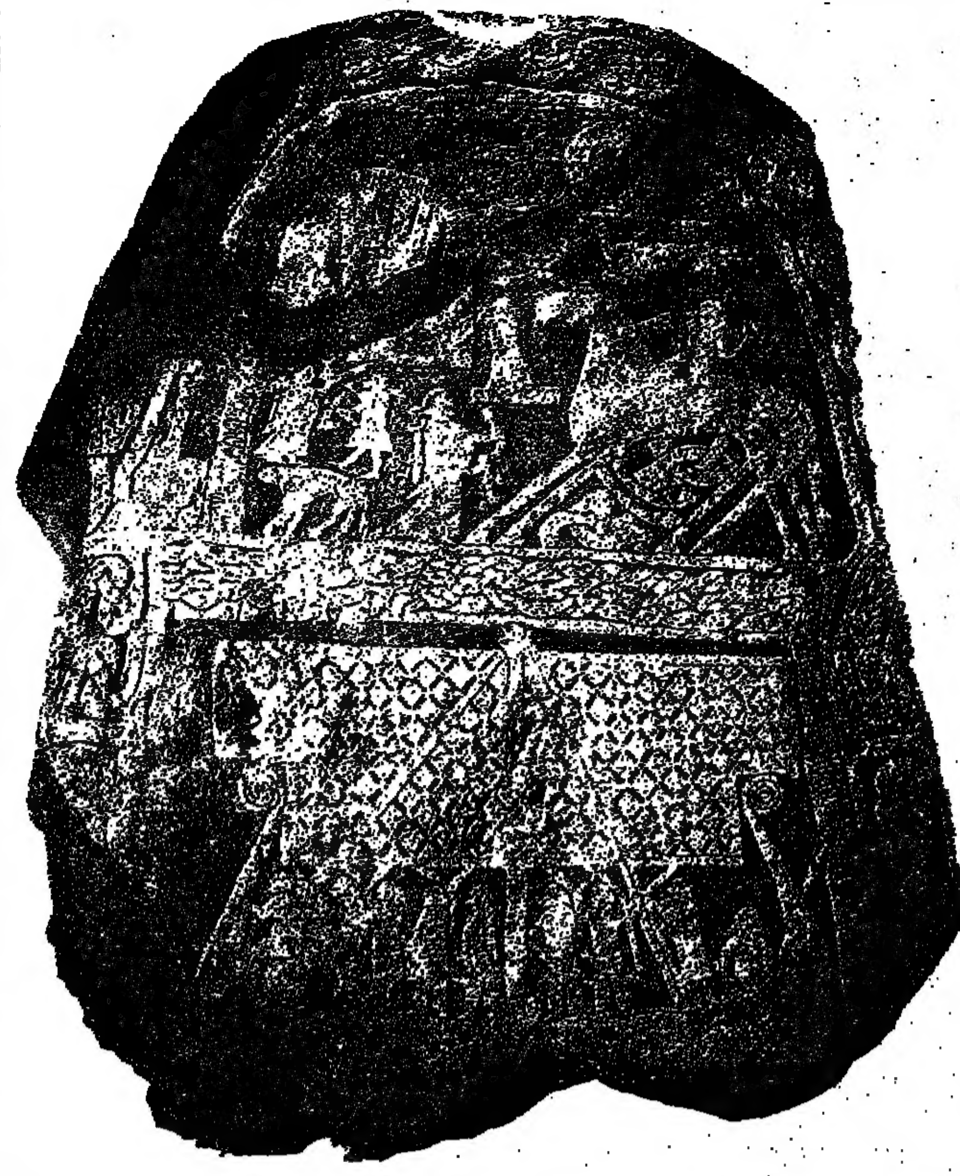
Neither do the amiable little songs scattered through the affair. At what ought be the climactic moments Pete Moser's score tries harder, but an miasma of amateur pageant hangs over the whole thing. We *expect* Columbus to encounter Ferdinand and Isabella, and later an Atlantic mutiny, and just in time the island of San Salvador, and then some natives, and finally the royals again.

He does; but only the most modest expectations are fulfilled. No discredit to the actors, who may be happy not to be named (some of them can sing well, too). What they have to work with is just too flabby and moony, too thin on character, too vaguely proportioned for the production to get a grip on it.

In a loyal, stylish translation, Lope's "popular though chaotic" play might prove considerably less unplayable than this one. It would be bound to be more interesting.

David Murray

At the Nuffield Theatre, Southampton, until Saturday 2 May.



This 8th-9th century inscribed stone from the island of Gotland, Sweden, is believed to represent either a warrior arriving in Valhalla or the god Odin mounted on his eight-legged steed, Sleipnir

Looters and pillagers but above all traders

Patricia Morison reviews the Viking exhibition in Paris

MOST people see the Vikings from the point of view of their victims. The conventional image is of berserk brutes in dragon-prowed ships looting towns and burning monasteries. After unleashing a Darwinian struggle for survival among the top families of western Europe, the Viking threat simply petered out; Scandinavia once more became marginal to European civilisation.

How much more there was to the Vikings is brought home by an extraordinary exhibition in Paris. *Les Vikings: Les Scandinaves et l'Europe 800-1200* is mounted by the Council of Europe and the Nordic Council of Ministers. With more than 600 items, the majority from Scandinavia, this embarrassment of riches is enough to bring even the hardiest visitors to their knees with exhaustion.

A *folie de Vikings* has now gripped the French, fascinated, for example, to discover that they owe the word for lobster, *homard*, to their Norse persecutors. In consequence, visibility in the Grand Palais is not good. The installation is stylish, but the labelling sets a new standard in uninformativeness. I grumble in the hope something can be done when the show moves on.

Fortunately, the catalogue is a wonderful find. Nothing less than an encyclopaedia of the northern world, it is packed with information on everything from Icelandic sagas to the salt-fish trade.

Armed with such a handsome yet unusually portable book, the exhibition's dingiest finds become fascinating. A tatty fragment of 10th-century cloth was once part of billowing, brightly-coloured Viking trousers, rather like a Turkish peasant's. Another wool scrap tells archaeologists that when Vikings were hard-up, they trimmed their jackets with fake fur.

The sheer quantity of 9th- and 10th-century material is almost beyond belief: skis, carved beds from the famous ship-burials, a tool-box and its contents from Gotland, amulets of amber shaped like Thor's hammer, a bone flute and Pan-pipes from York, and bits of boats.

Swords inscribed in Latin suggest that the Frankish kings' embargo on selling arms to the Vikings was useless – unless, of course, it was booty. But there is a mass of evidence in support of the view that the Vikings were traders first, warriors second. I particularly liked a carved stick which was an invoice for a shipment of pepper.

The exhibition opens windows on to an unfamiliar northern world. We meet the Faroese, the fiercely pagan Laplanders, and the redoubtable Finnish ladies who were buried with their axes. The Scandinavians' Baltic neighbours also feature memorably; one of the most magnificent sights is the complete sets of ladies' jewellery, complete with cowry shells, from the museum in Riga.

Between 800 and 1100, Viking ambitions spanned almost the entire known world. Grave-goods and caches of buried treasure in their homeland recall the ceaseless forays of warbands, as far as the coasts of Spain and Morocco, down the Volga to Byzantium (there are Viking graffiti in Haghia Sophia), Syria, and Central Asia. Even so, the mind boggles to think how a 7th-century bronze figurine of Buddha ended up at the Swedish trading-post of Helgö.

From Canada comes precious testimony to the settlement discovered 30 years ago at L'Anse aux Meadows in Newfoundland. It was not a success, unlike Viking settlements on Iceland, the Duchy of Normandy, and above all, Kiev and the kingdom of Russia.

Equally fascinating are the finds which suggest the civilising process at work. In an idle moment, an 11th-century Dane scratched in runic letters on a cow-bone, "Kyss mik!", "Give us a kiss!". Passing love-notes under the table hardly squares with our image of the ferocious *gens Danorum*. (After-dinner entertainment for a band of Danish warriors in 869, was to pelt their captive St Edmund, king of East Anglia, to death with the dinner service.)

Christianity transformed the Vikings. Till the mid-10th century – later in Sweden – they were worshippers of Thor and Odin. A 10th-century burial from Denmark contains two skeletons; a young man dressed in imported silk, and an older man, decapitated. It recalls Adam of Bremen's story of the corpses of sacrificial victims hung like pheasants in the grove at Uppsala.

The last room contains spectacular artistic proof of what happened once Thor's worshippers had evolved into pilgrims and crusaders. There are wondrous beauties here, such as the carved wooden font from the church of Norre Snede in Jutland, ivory crucifixes made from walrus teeth (an important Scandinavian export), grave-stones and furniture, and an graceful iron candelabrum in the shape of a longship.

Just how far the Vikings had travelled is summed up by a 12th-century shoe from Bergen. Embroidered runes along the top spell out *amorvicithomniaoth* – a gallant shot at Virgil's *Amor vincit omnia*, "Love conquers all".

The wooden portal of the church at Hylestad in Denmark shows how delightfully the Viking tradition of interlaced animals married with Romanesque figurative art. It tells the story of Sigurd, alias Siegfried, and the dragon. Precious manuscripts of Snorri Sturluson's books testify to the intellectual sophistication of clerics who, in writing down the legends of Valhalla, made perhaps the single most influential contribution of Scandinavia to European culture.

At the Grand Palais, Paris, until 12 July, then in Berlin (Altes Museum, September 1 – November 15) and the Nationalmuseet, Copenhagen, December 26- March 14 1993.

Chess No 920: 1 Rxf7+ Nxf7 2 Qxf7+ Kh6 3 Bd3 Qg5 4 f4 mates or wins the bishop.

Slave of the box office

TOURING reveals all too clearly the Jekyll and Hyde tendencies of ballet companies. The need, the duty, to take classical dancing to regional audiences is inescapable. The temptation to play horridly safe (an infernal round of *Swan Lake* and *The Nutcracker*) is still Mr Hyde's box-office imperative. The voice of conscience urges triple bills, less familiar full-length pieces, and Dr Jekyll faces financial ruin thereby.

Current tours by two Russian troupes – Moscow City Ballet with its feeble *Sleeping Beauty*; Stars of the Bolshoy with gems from the classics – show how familiarity dictates repertory. Northern Ballet Theatre plays solid weeks of *Swan Lake*; Scottish Ballet offers ceaseless *Coppélias*; London City Ballet provides *Romeo and Juliet* and a classical triple bill. English National Ballet soon embarks on a season of *Cinderellas*. Even the Birmingham Royal Ballet must tour *Giselle* and a programme of one-act pieces relying on such securities as *Les Sylphides* and *Elite Syncopations*.

Companies have so pandered to audience taste; so failed to generate an interest in the new; so homogenised the repertory and the very idea of "ballet" (and their own identities), that any break with proven titles will soon become impossible. Rising costs have helped price ballet out of inventiveness and adventure; a vast and valuable repertory lies unexplored.

Where once small companies as different and differently exciting as Western Theatre Ballet or Walter Gore's troupes, laboured to give programmes unique and enjoyable; and where once the wild and wonderful repertory and glamorous casts of the de Cuevas troupe were guarantees of excitement, astronomical outlay, inadequate subsidy, have produced the cast-iron titles, the atrophied imagination, and the deadly sameness of touring ballet's current programming.

Standards vary wildly, and I hold little brief for most of the performances that pass themselves off under illustrious titles – I can think of no more than a dozen ballerinas fit to dance Aurora or Odette/Odile or Giselle as these roles should be seen, and of even fewer stagings that do honour to the ballets themselves.

The Birmingham Royal Ballet *Giselle*, which I saw on Thursday in Canterbury, remains a careful, well-conceived production – and the Marlowe Theatre offers it a fine stage. The performance was honest – though I thought some of the soloist dancing less than inspiring, and the mime playing looked all-too-predictable – and the evening offered a chance to see a guest with the troupe, Anna Valladolid, born in the Phillipines, now a principal dancer in Munich. Her Giselle was delicate, most effective amid the mists and mystery of the second act, where her compassion was touchingly sincere. But it was yet another *Giselle* in the déjà-vu; phenomenon that is Britain's touring ballet scene.

Clement Crisp

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Hallo Spencer. 7.50 Babar. 8.15 The Jetsons. 8.35 Round the Twist. 9.00 Parallel 9. 10.55 Film: Sesame Street Presents Follow That Bird.

12.20 **Popeye Classics.**

12.27 **Weather.**

12.30 **Grandstand.** Introduced by Bob Wilson. Including at 12.35 Football: European Championship preview, with a look at defending champions Holland. 1.00 News. 1.05 World Snooker: Second-round action, from The Crucible, Sheffield. 2.10 Championship Ice Hockey: Semi-final coverage from Wembley Arena. 2.40 Motor Racing: British Touring Car Championship, from Thruxton. 3.00 Ice Hockey. 3.50 Football Half Time Scores. 4.00 Snooker. 4.40 Final Score. Times may vary.

5.10 **News.**

5.20 **Regional News and Sport.**

5.25 **Stay Tooned!.**

5.50 **Jim'll Fix It.**

6.25 **That's Showbusiness.**

6.55 **Film: Dragnet.** Parody of the TV series of the same name. Sgt Joe Friday (Dan Aykroyd) and his partner (Tom Hanks) investigate the activities of a TV preacher and a pornographic magazine baron, who are suspected of running a criminal cult (1987).

8.40 **On the Up.** Comedy, starring Dennis Waterman and Joan Sims.

9.10 **News and Sport; Weather.**

9.30 **Boxing.** WBC Featherweight Championship: Liverpool's Paul Hodkinson v Steve Cruz from Texas. Introduced by Desmond Lynam live from Belfast, with commentary by Harry Carpenter.

10.20 **That's Life!**

11.00 **Film: Critters.** Horror comedy, starring Dee Wallace Stone and M Emmet Walsh. Murderous alien criminals escape from their space prison, and invade a sleepy Kansas village (1986).

12.25 **Chuck Berry Live at the Roxy.** With guest Tina Turner, the rock 'n' roll legend performs classic hits, including Johnny B Goode *and Roll Over Beethoven.*

1.25 **Weather.**

1.30 **Close.**

BBC2

6.40 **Open University.**

3.00 **Mahabharat.** (English subtitles).

3.50 **Art of the Third Reich.** An award-winning film which examines the Nazis' control of German art and culture. The film also reveals the extent of collaboration between artists and the Third Reich; and shows the range and variety of their work.

4.50 **World Snooker.** David Vine presents highlights of this afternoon's play.

7.15 **News and Sport; Weather.**

7.30 **Rembrandt with Kenneth Clark.** Lord Clark looks at Rembrandt as the painter of the Amsterdam Establishment. Amsterdam in the 1630s was dominated by a *nouveau riche* merchant class, and for more than 20 years he was never without a portrait commission from them.

8.00 ***Labour's Last Premier.*** *Michael* Cockerell presents an intimate film biography of Jim Callaghan. He came to Number 10 as the only man in history ever to have been Chancellor, as well as Home and Foreign Secretary.

9.00 **Have I Got News for You?** Team captains Ian Hislop and Paul Merton are joined by Tony Slattery and John Wells.

9.30 **Rhythms of the World.** New series. All over the developing world, musicians are creating their own videos, but how do they manage on a meagre budget? Put Me on a VHS examines this phenomenon, and talks to the musicians and producers who are making these videos.

10.25 **World Snooker.** *Further coverage* presented by David Vine.

11.35 **Film: Broken Noses.** Acclaimed photographer Bruce Weber directs this portrait of American boxer Andy Minsker and the group of boys he coaches. In black and white, with colour sequences (1987).

12.50 **World Snooker.** Conclusion of the day's action.

1.35 **Close.**

LWT

6.00 TV Am. 9.25 Gimme 5. 11.30 Zorro. 12.00 The ITV Chart Show.

1.00 **ITN News; Weather.**

1.05 **LWT News; Weather.**

1.10 **Saint and Greavsie.** As the football season reaches a critical stage, Ian and Jimmy review the teams' performances and introduce the best of the week's Football League action.

1.55 **The Day.**

2.00 **Cartoon Time.**

2.10 **Film: Funny Lady.** Musical comedy sequel to Funny Girl shows Fanny Brice (Barbra Streisand) at the height of her career, when she falls in love with showman Billy Rose (James Caan) (1975).

4.45 **Results Service.** Round-up of the day's football scores.

5.00 **ITN News; Weather.**

5.05 **LWT News; Weather.**

5.15 **Cartoon Time.**

5.25 **Only Joking.** New series. A feast of family fun with Bradley Walsh, Dave Lee and Dave Wolde.

5.55 **Beverly Hills 90210.**

6.50 **Wayne Dobson: A Kind of Magic.** New series. Wayne Dobson displays his own distinctive style of illusions. With special guests Marti Caine, Richard Madeley and Judy Finnigan.

7.20 **Bob's Your Uncle.**

8.05 **Perfect Scoundrels.** New series. Buchanan and Cassidy receive mysterious invitations to spend the weekend at a con men's convention, where they are recruited to work a financial scam. Peter Bowles and Bryan Murray star, with Sir John Mills.

9.05 **ITN News; Weather.**

9.20 **LWT Weather.**

9.25 **Victoria Wood - Sold Out.** Recorded live during her national tour at the Mayflower Theatre in Southampton.

10.30 **World Championship Boxing.** Chris Eubank fights Ron Esset in his second defence of the WBO Super Middleweight Championship. Jim Rosenthal presents the fight from the G-Mex Centre, Manchester.

11.30 **Tour of Duty.**

12.30 **Get Stuffed; ITN News Headlines.**

12.35 **WCW Pro Wrestling.**

1.25 **Get Stuffed.**

1.30 ***The Farm; ITN News Headlines.***

2.30 **New Music.**

3.35 **American College Football.**

4.25 **The Hit Man and Her.**

CHANNEL4

6.00 Early Morning. 10.00 Sign On. 10.30 Film: The Lone Wolf Strikes. 11.45 The Magic Rolling Board. 12.00 Get Smart. 12.30 pro Sumo.

1.00 **Film: The Old Maid.** Bette Davis plays an unmarried mother who *lives to regret her decision to let* her childless cousin (Miriam Hopkins) bring up her daughter as her own (1939).

2.45 **Racing from Sandown Park.** Introduced by Brough Scott. Including the 3.00 Thresher Classic Trial, 3.30 TGI Friday's Gordon Richards EBF Stakes, 4.05 36th Whitbread Bold Cup (H'cap Chase), and 4.40 Country Club Hotels Stakes (H'cap).

5.05 **Brookside.; News.**

6.30 **Right to Reply.**

7.00 **Great Britain United.** Leading black footballers, including John Barnes, Ian Wright, Luther Blisset and Paul Davis talk about the problems of getting to the top of the game.

8.00 **TV Heaven: Introduction.** Television programmes from 1966.

8.05 **George and the Dragon.** Comedy.

8.55 **Dare I Weep, Dare I Mourn.** John Le Carre's Cold War drama, about a man (James Mason) who crosses the Berlin Wall to collect his father's body for burial in the West, and becomes embroiled in a conspiracy.

10.00 **Danger Man.** British secret agent John Drake (Patrick McGoohan) encounters shady characters and plots when he is enlisted to retrieve some stolen papers.

11.05 **Court TV: America on Trial.** An amateur cameraman captured on video four Los Angeles policemen brutally beating a motorist *during an arrest. The video* caused outrage when shown on network television, and is now the chief prosecution evidence in the policemen's trial.

12.10 **Film: Dim Sum - A Little Bit of Heart.** Comedy about three generations of Chinese Americans living in San Francisco, focusing especially on the relationships between parents and children. Directed by Wayne Wang (1984).

1.45 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
1.05 Anglia News. 1.55 Cartoon Time. 2.00 Chequered Flag. 2.30 Beloved Infidel. (1959) 5.05 Anglia News and Sport 5.15 Cartoon Time. 9.20 Regional Weather.
BORDER:
1.05 Border News. 2.05 Funny Girl. (1968) 5.05 Border News and Weather 5.15 Cartoon Time. 11.30 INXS - In Concert.
CENTRAL:
1.05 Central News 1.55 Chequered Flag. 2.25 Daniel Boone. 4.15 Incredible Stunts and Jumps. 5.05 Central News 5.10 Central Sports Special: Goals Extra. 11.30 Jane and The Lost City. (1987)
CHANNEL:
11.30 Blockbusters. 1.05 Diary Dates. 1.55 Cartoon. 5.05 Channel News. 5.10 Puffin's Pla(i)ce. 5.15 Cartoon Time.
GRAMPIAN:
11.30 Dinosaurs. 1.05 Grampian Headlines 1.55 Crann Tara. 2.25 Adventure. 2.45 Chequered Flag. 3.15 Budo Sai. 3.45 Champions of Grampian. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Cuirm Cloinne 9.20 Grampian Weather. 11.30 INXS - In Concert.
GRANADA:
11.30 Express! 1.05 Granada News 1.55 Cartoon Time. 2.05 Funny Girl. (1968) 5.05 Granada News 5.10 Granada Goals Extra. 11.30 INXS - In Concert.
HTV:
11.30 This is America, Charlie Brown. 1.05 HTV News. 1.55 Chequered Flag. 2.25 Follow Me Boys. (1966) 5.05 HTV News and Sport.
HTV Wales as HTV except:
5.20 Cartoon Time.
SCOTTISH:
11.30 Dinosaurs. 1.05 Scotland Today. 1.55 Back Stage. 4.45 Scotsport Results. 5.05 Scotland Today 5.15 Cartoon Time. 9.20 Scottish Weather. 11.30 Cue the Music.
TSW:
11.30 The South West Week. 1.05 TSW News. *1.55 Cartoon Time. 2.05 Funny Lady. (1975)* 5.05 TSW News. 5.10 Gus Honeybun's Cartoon Time. 9.20 TSW Weather. 11.30 INXS - In Concert.
TVS:
11.30 Blockbusters. 1.05 TVS News. 1.55 Cartoon. 5.05 TVS News. 5.15 Cartoon Time.
TYNE TEES:
11.30 My Secret Identity. 11.55 Mr Magoo. 1.05 Regional News. 1.55 Cartoon Time. 2.10 Funny Lady. (1975) 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 11.30 INXS - In Concert.
ULSTER:
1.05 Ulster Newstime 1.55 Saturday Sport. 2.05 Funny Girl. (1968) 5.05 Ulster Newstime 5.10 Saturday Sports Results. 5.15 Cartoon Time. 9.20 Ulster Newstime 11.30 INXS - In Concert.
YORKSHIRE:
11.30 My Secret Identity. 11.55 Mr Magoo. 1.05 Calendar News. 1.55 Cartoon Time. 5.05 Calendar News. 5.15 Cartoon Time. 11.30 Best Friends. (1982)
S4C Wales as Channel 4 except:-
10.00 Jeifin. 10.30 Sesame Street. 11.30 Flipper. 6.30 Out of Sight. 7.00 Newyddion Nos Sadwrn. 7.15 Nos Sadwrn. 8.05 Teulu'r Mans. 8.35 Tocyn Tymor. 9.35 TV Heaven: Introduction. 9.40 Oh Boy! 10.20 The Bob Monkhouse Show. 11.10 Double Your Money. 11.50 The Adventures of Robin Hood.

SUNDAY

BBC1

7.10 Open University. 8.50 Playdays. 9.10 News. 9.15 Telling Tales. 9.30 This is the Day. 10.00 See Hear! 10.30 Hindi Urdu Bol Chaal. 10.55 Fast Feasts. 11.00 Business Matters. 11.30 Work is a Four Letter Word. 12.00 Bazaar. 12.25 Experiment!

12.30 **CountryFile.** Sixty years ago, a group of walkers were jailed for trespassing in the Derbyshire Peaks. John Craven looks at how public access to the countryside has changed.

12.55 **Weather for the Week Ahead.**

1.00 **News; Daffy Duck Double Bill.**

1.20 **Eurovision Song Contest.** Gloria Hunniford previews the entries for the 37th contest to be held in Malmo, Sweden on May 9.

2.00 **EastEnders.**

3.00 **Film: The Big Bus.** Satirical disaster film, following the accident-prone maiden voyage of the world's first nuclear-powered bus. Starring Joseph Bologna, Stockard Channing and Larry Hagman (1976).

4.25 **Steven Spielberg's Amazing Stories.** Ghost Train. Lukas Haas stars as an old man who is convinced that he will ride on a train he caused to crash.

4.50 **Masterchef.** New attempt to find Britain's best amateur chef. Three contestants from the North West compete.

5.25 **Songs of Praise.** At St Mark's Church in Aberdeen.

6.00 **News.**

6.15 **The Health Show.** Terry Wogan and his sought after celebrity guests examine health issues. The cast of You Rang M'Lord pits itself against the cast of Grace and Favour in a health quiz.

7.45 **Don't Tell Father.** New series. Starring Tony Britton and Susan Hampshire.

8.15 **One Foot in the Christmas Grave.** Richard Wilson and Annette Crosbie in David Renwick's comedy.

9.15 **Screaming.**

9.45 **News and Weather.**

10.00 **Mastermind.**

10.30 **Everyman.** New series. Jewish settlers in Palestinian territory argue that God has ordered them to occupy Biblical lands. Everyman examines the claim.

11.20 **How Do You Manage?**

11.50 **The Sky at Night.** Patrick Moore presents the 35th anniversary programme.

12.35 **Dear John: USA.**

1.00 **Mahabharat.** (English subtitles).

1.50 **Weather.**

1.55 **Close.**

BBC2

8.35 Open University. 12.00 Film: Moonfleet.

1.25 **The Fifth Paralympic Winter Games.** Highlights from Tignes.

2.00 **Sunday Grandstand.** Introduced by Bob Wilson. Including at 2.10 Ice Hockey: The Championship Final, live from Wembley Arena. *2.45 Formula Three Racing:* Round three of the championships from Thruxton. 3.00 Ice Hockey. 3.40 *World Snooker:* Continued coverage of the second round matches from Sheffield. 3.55 Ice Hockey. 4.35 Snooker. Times may vary.

5.35 **Rugby Special.** Highlights of *matches in the Courage League* Championship as the season attains its climax. Introduced by Chris Rea.

6.35 **The Money Programme.** Building societies are beginning to feel the effects of the worst housing slump in 50 years. Tom Maddocks speculates on their future.

7.15 **World Snooker.** Second round matches.

8.05 **The Laurence Olivier Awards 1992.** Some of the most celebrated talents in theatre gather to present and receive the highest accolade for their performances *or craftsmanship during the past* year. Hosted by Diana Rigg, from the Dominion Theatre, London.

9.30 **Assignment.** As Japan's influence grows, memories of the country's atrocities during the Second World War are rekindled. Japan itself denies the cruelty by censoring schoolbooks and describing war crimes as 'unfortunate incidents'. Assignment asks: how can the country lead when it can't come to terms with its past?

10.30 **World Snooker.** Highlights.

12.35 **Close.**

LWT

6.00 TV Am. 9.25 Ferdinand the Bull and Mickey. 10.10 The Making of Spielberg's Hook. 10.45 Link. 11.00 Morning Worship. 12.00 Visions. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 **ITN News; Weather.**

1.10 **Walden.**

2.00 **Magic in the Magic Kingdom.** George Burns presents a variety special from Disneyland.

3.00 **The Match.** Liverpool v Manchester United, live from Anfield. Highlights of the Sheffield United v Leeds United match. Commentary by Ian St John and Brian Moore, and Denis Law provides expert analysis.

5.30 **The American Match.** Nino Firetto and Sheryl Simms present highlights of the Frankfurt Galaxy v Orlando Thunder match.

6.30 **ITN News; Weather.**

6.35 **LWT News; Weather.**

6.40 **Cathedral.** An insight into the daily routine at Worcester Cathedral, with a glimpse of the work of its master carpenter and the leader of the voluntary choir.

7.15 **The Piglet Files.** Starring Nicholas Lyndhurst.

7.45 **Forever Green.** With a skeleton in their garden and a poltergeist in their house, the Boults are in for a disturbing time. Rural drama, starring Pauline Collins and John Alderton.

8.45 **ITN News; Weather.**

9.00 **LWT Weather.**

9.05 **Jeeves and Wooster.** Sir Watkyn Bassett's soon-to-be-published memoirs cause problems for Bertie. Starring Hugh Laurie.

10.05 **Spitting Image.** With the voices of Chris Barrie, Hugh Dennis, Steve Coogan and Kate Robbins.

10.35 **Celebration.** In Zimbabwe there are hundreds of world-class sculptors, and yet 40 years ago there were none. Talking Stones tells the story of a remarkable renaissance in African art; The Day.

11.35 **Cue the Music. ITN News Headlines.**

12.35 **Derrick.**

1.40 ***The ITV Chart Show.; ITN News*** **Headlines.**

2.40 **Film: Scandal Sheet.** Burt Lancaster plays an unscrupulous publisher who will stop at nothing to increase the circulation of his glossy tabloid. With Robert Urich and Lauren Hutton (1985).

4.25 **Pick of the Week.**

4.55 **Out of Limits.**

5.00 **Soap.**

CHANNEL 4

6.00 Early Morning.

9.25 **The Sword of Tipu Sultan.(English subtitles).**

10.00 **Dispatches.**

10.45 **Dennis.**

11.00 **Beat That.**

11.30 **Flipper.**

12.00 **Little House on the Prairie.**

1.00 **Voyage to the Bottom of the Sea.**

2.00 ***Women's Football.*** *Highlights of* the FA Cup Final, between Doncaster Belles and Red Star Southampton.

3.00 **Film: Calamity Jane.** Musical Western, with Doris Day as the tomboy gunslinger who changes her ways when she falls in love. Also starring Howard Keel (1953).

4.55 **News.**

5.00 **John Arlott in Conversation with Mike Brearley.** *The cricket com*mentator talks about his early days in the police force, his school days, and his career.

6.00 **Press Gang.**

6.30 **The Wonder Years.**

7.00 **Fragile Earth: Game Wars.** Poaching in the Scottish Highlands is flourishing, so estate owners have hired a security company to patrol their land. Who will win the battle of rights?

8.00 **Hard News.**

8.30 **Childhood.** The series concludes with a look at puberty and adolescence. It shows how biological change is marked in various cultures and examines the question of whether it is a time of stress.

9.30 **A Sense of History.** Jim Broadbent stars in a tragi-comedy about the 23rd Earl of Leete who recalls the murders of his wife, his children, and his homosexual brother.

10.00 **Film: A Month in the Country.** Colin Firth and Kenneth Branagh star as First World War veterans who encounter romance and a mystery in a Yorkshire village. With Natasha Richardson (1987).

11.45 **After the Rains.** Animated film on the effects of nuclear disaster, shown to mark Tuesday's anniversary of the Chernobyl accident.

12.15 **Film: Crossfire.** Drama, based on the true story of a love affair, against the background of the British withdrawal in 1948 from Palestine (1988).(English subtitles).

1.55 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
10.15 The Littlest Hobo. 12.25 Goals Galore. 12.50 News. 1.10 Walden. 2.00 Cartoon Time. 2.10 Jungle Cat. 5.30 The World Skill Olympics. 6.00 A Village in. 6.35 News. 9.00 Weather.
BORDER:
9.25 Ferdinand the Bull and Mickey. 12.30 Gardening Time. 12.55 News. 2.00 Highway to Heaven. 5.30 Scotsport. 6.35 News. 11.35 Prisoner: Cell Block H.
CENTRAL:
10.15 Heidi. 12.30 Gardening Time. 12.55 News *2.00 Obituary Documentaries. 5.30 Disney Spe*cial. 6.35 News 9.00 Weather. 11.35 Dangerous Women.
CHANNEL:
10.15 The Littlest Hobo. 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.00 My Secret Identity. 2.30 International Yacht Racing. 5.30 Sleeping Beauty Rediscovered. 6.00 Tell the Truth. 6.35 Channel News.
GRAMPIAN:
10.15 The Littlest Hobo. 10.45 Pick a Number. 11.15 Let's Rejoice. 11.45 Link. 12.30 My Secret Identity. 12.55 Headlines. 2.00 1991 World Climbing Finals. 3.00 Hard Time on Planet Earth. 4.00 Perspectives. 4.30 The National Wavesailing. 5.00 Scotsport. 6.00 Scotland at a Mile an Hour. 6.35 Headlines 9.00 Weather. 11.35 Prisoner: Cell Block H.
GRANADA:
10.15 The Littlest Hobo. 12.25 Granada This Week. 12.55 News 2.00 The A-Team. 5.30 Coronation Street. 6.35 News 11.35 Prisoner: Cell Block H.
HTV:
12.30 Farming Wales. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 Kraft Tour Tennis. 6.35 HTV News
SCOTTISH:
9.25 Ali Baba and the Seven Saracens. (1965) 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Let's Rejoice. 12.30 Talking Pictures. 12.55 Scotland Today. 2.00 The Life and Times of Grizzly Adams. 2.55 Cartoon. 3.00 Vengeance Valley. (1951) 5.00 Scotsport. 6.00 Life Stories. 6.35 Scotland Today 9.00 Weather. 11.35 Taxi.
TSW:
10.15 The Littlest Hobo. 12.30 Farming Week. *12.55 News. 2.00 Fisheries News. 2.15 Gus* Honeybun's Magic Birthdays. 2.30 Gold is Where You Find It. 5.30 Village Green. 6.00 House Style. 6.35 News. 11.35 The Silk Road
TVS:
10.15 The Littlest Hobo. 12.30 News. 12.33 Agenda. 12.58 Weather. 2.00 My Secret Identity. 2.30 Yacht Racing. 5.30 Sleeping Beauty Rediscovered. 6.00 Tell the Truth. 6.35 News.
TYNE TEES:
9.25 Ferdinand the Bull and Mickey. 10.20 The Littlest Hobo. 12.25 Northern Life Review. 12.55 Regional News. 2.00 Earthmovers. 2.30 The *Back Page. 5.30 Robinson Crusoe. 6.35 News.* 11.35 Prisoner: Cell Block H.
YORKSHIRE:
9.25 The Man from Button Willow. (1965) 12.25 Goals on Sunday. 12.50 News. 2.00 The Magical World of Disney. 5.30 Robinson Crusoe. 6.35 News. 11.35 Cue the Music.
S4C Wales as Channel 4 except:-
9.25 Laurel and Hardy. 9.30 It's a Dog's Life 10.00 Treasure Hunt. 11.00 Voyage to the Bottom of the Sea. 12.55 Tom Thumb. (1958) 2.40 The Grapes of Wrath. (1940) 5.00 Short Stories. 5.30 Pobol y Cwm.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 The Goon Show. 1.30 The News Huddlines. 2.00 Sounds of the Fifties. 4.00 Sounds of Sinatra. 5.00 Cinema 2. 5.30 Make 'Em Laugh. 6.00 Mike Harding and Friends. 7.00 Funny That Way. 7.30 Gilbert and Sullivan. 10.00 Easy Does It. 10.30 Radio 2 Arts Programme. 12.30 Fran Godfrey. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Mozart and Haydn.
9.30 Saturday Review.
12.55 Molecules.
1.00 News.
1.05 The Newest Lessons.
1.40 Royal Concertgebouw Orchestra.
3.20 Beethoven.
4.00 James Bowman.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 A Bohemian in Vienna.
7.00 Cosi fan Tutte.
10.15 Will You, Won't You.
10.35 Vale of Glamorgan Festival.
12.00 News.
12.05 Russian Orthodox Easter Vigil.
3.30 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 Talking Politics.
11.30 Europhile.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers?
2.30 Saturday Playhouse.
4.00 A Sense of Place.
4.30 Science Now.
5.00 The Living World.
5.25 Fourth Column.
6.00 News; Sports Round-Up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Visiting Lives.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Art of Travel Writing.
10.45 Beloved Country.
11.00 Richard Baker Compares Notes.
11.30 Victoria Wood - As Heard on TV.
12.00 News.

BBC RADIO 5
6.00 Newshour.
6.30 Saturday Edition.
8.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
5.00 Sports Report.
6.06 Jimmy Hill at Six-O-Six.
7.30 Le Top.
9.00 World Title Double Dill.
11.30 Box 13.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 People And Politics. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief. 10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary; Jazz Now and Then. 11.15 Club 648. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup. 2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 News. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 Guitar Legends in Seville. 8.30 Europe This Weekend. 9.00 News; Personal View; Words of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words *of Faith; Book Choice.* 12.15 A Jolly Good Show. 1.00 Newsdesk. 1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play Of The Week/Globe Theatre: Faith. 3.00 Newsdesk. 3.30 The Inexorable Spread Of The African Bee. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 *Alan Dell.* 4.00 Duet for Four. 4.30 Sing Something Simple. 5.00 Made In Hong Kong. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Radio 2 Arts Programme. 12.30 Gyles Brandreth. 1.00 Fran Godfrey. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
8.30 News.
8.35 Roads to Spain.
9.15 Academy of St Martin-in-the-Fields Chamber Ensemble.
10.15 Music Weekly.
11.00 Ozawa and the BSO.
12.45 Table Talk.
1.05 News.
1.05 Your Concert Choice.
2.35 Dmitri Hvorostovsky.
4.00 Poet of the Month.
4.10 Brendel in Brahms.
5.00 Soundings.
6.00 An American Mass.
7.00 Hamlet, Prince of Denmark.
10.55 Boulez Conducts Debussy.
11.35 Bartok.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 News; Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 The Living World.
7.40 Sunday.
8.50 George Baker.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse: Ben Travers Double Bill.
4.00 Who's Afraid of the Big Bad Bard?
4.47 Treasure Islands.
5.00 Down the River.
5.40 Lines of Communication.
6.00 News.
6.15 The Village.
6.30 Europhile.
7.00 In Business.
7.30 Bookshelf.
8.00 Punters.
8.40 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Canterbury Tales.
11.00 Out of Order.
11.30 Seeds of Faith.
12.00 News.

BBC RADIO 5
6.00 News.
7.00 Meridian.
7.30 Sunday Edition.
9.00 Johnnie Walker with the AM Alternative.
10.30 Education Matters.
11.00 Kitchen Cabinet.
11.30 Ring a Winner.
12.40 Open Forum.
1.00 Sunday Sport.
6.15 Bob Hatton Rattle.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain. 7.15 Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 News; Words of Faith; Music With Matthew. 10.00 News; Business Review. 10.15 Short Story: This Boy. 10.30 Folk in Britain. 10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.01 Science in Action. 11.30 Londres *Midi.* 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play Of The Week/Globe Theatre: Faith. 2.00 Newshour. 3.00 News Summary; The Human Child. 3.30 Anything Goes. 4.00 News. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News. 5.14 Travel news; BBC English. 5.30 Londres Soir. 6.14 Club 648. 6.29 News Summary; News in *German. 6.40 German* Features. 7.54 News in German. 8.00 Classic Recordings. 8.30 Europe Tonight. 9.00 News; Folk in Britain. 9.25 Words Of Faith. 9.30 The Litmus Test. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Short Story: This Boy. 11.30 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review; Music With Matthew. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; My Dear Mr Yates. 2.45 Truth To Tell. 3.00 Newsdesk. 3.30 Composer Of The Month: Henry Purcell. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 The Week Ahead; Travel. 4.45 News and Press Review in German.

CHESS

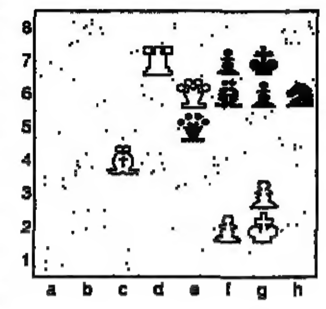
NIGEL Short's persistent pressure in the world championship semi-final at Linares bore fruit in game six when Anatoly Karpov blundered with his queen at move 25, the worst error of a long career. After eight games, Short leads 4½-3½ with two games left.

Earlier, Karpov's suspect stamina was tested by three successive marathons totalling more than 200 moves and the ex-champion's play deteriorated, with unforced errors. Short's growing assurance gained the initiative, even in the classical mid-game strategy that used to be the cornerstone of Karpov's style.

(N Short, White; A Karpov, Black. Ruy Lopez. Sixth game 1992).

1 e4 e5 2 Nf3 Nc6 3 Bb5 a6 4 Ba4 Nf6 5 0-0 Be7 6 Qe2 A variant from the normal 6 Re1. The queen move, favoured by the great masters Alekhine and Keres, aims at open play for White's bishops. b5 7 Bb3 0-0 8 c3 d5 If now 9 exd5 Bg4 10 dxc6 e4 with complications, so it is safer to decline the pawn. 9 d3 d4 10 Nbd2 Bc5 Starting a complex plan where Black exchanges both bishops for knights so as to control the d4 square. The regroup Bb7, Re8 and Bf8 is simpler. 11 Bc2 Bb6 12 Nb3 Bg4 13 h3 Bxf3 14 Qxf3 a5 15 a3 a4 16 Nd2 Ba5 17 c4 Bxd2 18 Bxd2 bxc4 19 Rfc1! Avoids the trap 19 dxc4? d3! Qd6 20 Qd1 c3 21 bxc3 dxc3 22 Bxc3 Nd4 23 Ra2! Better than 23 Bxa4 Rxa4 24 Qxa4 Ne2+ with counterplay. Nxc2 24 Raxc2 Rfd8 25 Bb4 Qxd3?? Correct is Qa6, though White is on top with his doubled rooks and active bishop. 26 Rd2 Qxd2 If the queen retreats, Rxd8+ wins a rook. 27 Bxd2 Nxe4 28 Rc2 Resigns.

CHESS No 920



Short v Karpov, fourth game 1992. Short won, but missed the quickest method. As White (to move), he exchanged queens. Can you do better?

Leonard Barden

Solution Page XXII

BRIDGE

My hand today is from teams-of-four:

N
♠ A K 7
♥ K J 7
♦ Q 9 5
♣ K J 5 3

W
♠ J 10 8 6 4
♥ Q 2
♦ K J 7 4
♣ 8 6

E
♠ Q 5 3 2
♥ 6 4
♦ 8 6 2
♣ Q 10 7 4

S
♠ 9
♥ A 10 9 8 5 3
♦ A 10 3
♣ A 9 2

With North-South vulnerable North dealt and began the bidding with one no trump, and South replied with three hearts. North rebid three spades, the economic cue-bid, accepting hearts as trumps, and showing the ace of spades. South bid four clubs, to which North said four hearts, but when South cue-bid five diamonds, he jumped to six hearts. This ends the auction.

West led the six of spades. Taking with dummy's king, the declarer ruffed the spade seven, crossed to the heart king, and returned to his ace, drawing the trumps. Now he led a diamond to dummy's queen for an indirect finesse. West took with his king, and the declarer made the rest of the tricks. This drew the usual "Well played" from his partner.

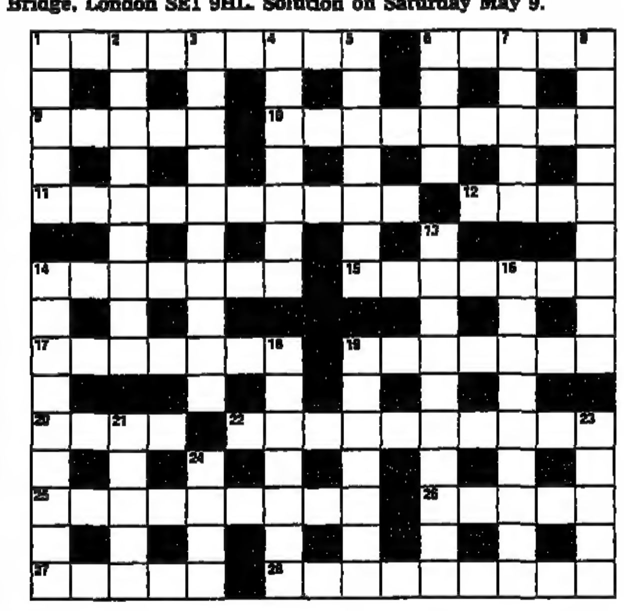
South's line of play cannot be condemned, but there is a better line. Let us replay the hand. Winning the spade lead in dummy, declarer ruffs the low spade, cashes king and ace of hearts, and follows with the ace and king of clubs - the queen might drop. It does not, but that is no problem. Declarer now cashes the ace of spades, on which he discards his remaining club. Now comes the key play. The queen of diamonds is led, and finessed. West wins with the king, and is trapped. A diamond return runs into declarer's tenace, a club - if he has one - will set up a trick for South in the suit, and a spade concedes a ruff discard. That is real technique.

E.P.C Cotter

CROSSWORD

No. 7,832 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday May 6, marked Crossword 7,832 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 9.



Name...

Address...

ACROSS

1 This somersault makes an impression on the track (9)
6 A bit of a fight (5)
9 Dripping, Tom is put out (5)
10 Say they, say, going to church? (9)
11 Car system breaking off (10)
12 River sport (4)
14 Shades for girls after midnight (7)
15 Superannuated, like Iago? (7)
17 Burdensome, it turns sour on a person (7)
19 Glorious rendition of "Under the Linden Tree" (7)
20 Features of self-respect (4)
22 Craved a sou for treatment, being haggard (10)
25 Cover sure to be arranged, looking like Cromwell! (9)
26 Greek dialect is a knockout in the orient (5)
27 Sculptor of river-god (5)
28 How northern states were founded, having somehow freed collaborator (9)

DOWN

1 Tree-climbing French writer? (5)
2 Check condition and restore (9)
3 Stand in court to watch the telly? (7-3)
4 Divorcee presents shows (7)
5 Beethoven's boy-girl overture (7)
6 *This resort is first-class for* retirement (4)
7 Field-compass (5)
8 She appeared in promenade concerts (9)
13 Craft useful at parties? (3-7)
14 Heat in the can (4-5)
16 No 10 trailed badly, but remained as leader (8)
18 Viking the main womaniser? (3-4)
19 River was rising to engulf end of the kelp (7)
21 Smoked and improved (5)
23 How shabby of leading player to upstage young opener (5)
24 Go off in a twist (4)

Solution to Puzzle No.7,831

A	F	F	I	N	E	D		T	O	C	C	A	T	A
N		I		O		A		A		I		W		N
G	U	S	T	O		R	E	P	E	N	T	A	N	T
E		H		S		E		E		E		R		L
L	I	P	R	E	A	D	E	R		R	I	D	G	E
I		L				E				A				R
C	L	A	S	S		V	E	N	E	R	A	T	E	S
		T		T		I		E		I		H		
G	U	E	R	R	I	L	L	A		A	N	O	N	A
A				I				R				R		B
R	A	B	I	D		F	A	S	H	I	O	N	E	D
B		U		E		E		I		N		L		O
A	R	R	A	N	G	I	N	G		D	R	E	A	M
G		N		C		G		H		U		S		E
E	A	S	T	E	R	N		T	R	E	A	S	O	N

Solution and winners of Puzzle No.7,822

B	O	U	N	D	A	R	Y		A	S	T	H	M	A
O		N		O		H				I		O		P
W	E	D	G	W	O	O	D		E	N	D	U	R	E
L		E		E		M		S		O		R		R
E	N	R	O	L		B	A	L	L	P	O	I	N	T
R		L				I		I		H				U
	P	I	C	N	I	C		P	A	I	N	T	E	R
P		N		O						L		I		E
R	E	G	A	T	T	A		B	L	E	A	T	S	
E				O		M		E				L		P
V	E	N	E	R	A	B	L	E		A	R	E	N	A
I		A		I		O		S		B		P		C
O	O	D	L	E	S		S	W	A	Y	B	A	C	K
U		I		T				A		S		G		E
S	T	R	A	Y	S		E	X	I	S	T	E	N	T

H C Thomas, Joanna Drive, Coventry; G Dale, Apton Road, Bishop's Stortford; R Eyland, Box Hill, Scarborough; L Lewis, Penarth, Glam.; P Parrott, Cookham Dean, Berks.; J Shaw, Meadle, Aylesbury.

A little left of the right policies

***John Willman** comes upon a puzzling preview of the Queen's Speech*

Leaked documents all too rarely find their way to the *FT's* headquarters at No. 1 Southwark Bridge, so I was intrigued to find a plain buff envelope in my in-tray this week. Inside was what appears to be a draft of the Queen's Speech for the state opening of Parliament on May 6.

It bears all the hallmarks of the real thing, although the authorship is in doubt, and it appears to have been drafted a few days before the general election.

My Lords and Members of the House of Commons.

I look forward to visiting Strasbourg and Malta later this month, France in June and Germany in October, but not Australia.

My government believes that the conclusive election result has brought confidence back to the markets. Business can now plan for the future without fear of the irresponsible economic and industrial policies espoused by my Loyal Opposition.

Unfortunately, recovery is likely to be slower than my government was recently suggesting might be possible. Because my government declines absolutely and completely even to discuss the possibility of a re-alignment of sterling within the exchange rate mechanism, real interest rates and the exchange rate of the pound will remain intolerably high. Unemployment will therefore carry on rising until at least the end of 1993.

Members of the House of Commons, this will be a tough spending round. It is already clear that the budget forecast of a PSBR for the year of £28bn will be exceeded.

My chief secretary – whose hawkish reputation on public expenditure is well known to you all – will be seeking cuts in departmental expenditure across the board.

There is no likelihood of any additional funding for public services over the lifetime of this parliament unless growth exceeds the generous forecasts in this year's Red Book.

My Lords and Members of the Commons, this parliament will run until autumn 1993, a lengthy session doubtless much-needed by my Loyal Opposition to resolve its internal difficulties.

My government believes that there has been enough radical legislation over the last 13 years. There will be only one major measure in the coming session – a short three-clause bill entitled the European Union (Abolition of Parliamentary Sovereignty) Bill. Instead, my ministers will get down to the hard graft of implementing the changes already introduced.

My secretary of state for education will send his children to a state school. In another departure from his predecessor's practice, he will also be visiting schools to see what goes on in them.

With the conclusion of the election campaign, there is no longer any need to raise the threat of increased immigration. My government therefore will not reintroduce the Asylum Bill.

A white paper will be issued in the new year setting out possible plans for the privatisation of British Railways (NB check whether the wording of last year's speech was sufficiently vague).

My government will introduce Citizen's Charters will be brought forward for dog-owners, for noisy neighbours and to abolish the menace of portable telephones.

A bill will be introduced to compel newspaper publishers to use ink which does not transfer to reader's *hands*.

A bill will be introduced to permit the use of redundant churches as brothels provided they are managed by the Mothers' Union.

A bill will be introduced to ban the wearing of horse-hair wigs in my courts.

The Loyal Opposition's manifesto promised a "Hedgerow Incentive Scheme to help preserve hedgerows of particular historic, landscape or wildlife importance". In a spirit of reconciliation, my government will introduce a bill to implement this commendable proposal.

My government attaches the highest importance to maintaining our security, but we've got to scrounge cash from somewhere (NB this needs rephrasing – *something* about "peace dividend", welcome developments in the Soviet Union etc)The defence of the realm will therefore be contracted out to a private security firm.

Other measures will be laid before you.

My lords and members of the House of Commons, I pray that the blessing of almighty God may rest upon your counsels.

And that's it – apart from a pencilled note at the end of the draft. Mysteriously, it says "Will this do, Roy? Neil".

■ *Dominic Lawson is on holiday.*

Private View/**Christian Tyler**

A mother rattles the prison bars

Tony Andrews

MARILYN BROWN'S life changed when her son was arrested in Goa. For one thing, the bustling Tory party activist decided to stand against her own Member of Parliament in this month's British general election.

She polled 119 votes; the official Conservative candidate, Douglas Hurd, Foreign Secretary, retained his Oxfordshire seat with 36,256. But the point was made.

Marilyn Brown accuses the Foreign Office of "disgraceful" failure to support British citizens arrested in other lands. Her verdict is the result of the 16 months her son Nicholas has spent in Reis Magos jail in Panaji, capital of the former Portuguese enclave on India's western coast.

"This is totally beyond any experience I have had in my life before," she told me this week. "I didn't know who to turn to, who to talk to. The Foreign Office and Douglas Hurd were the obvious experts. Within six months I began to suspect that their advice was more for the benefit of the Foreign Office than for the benefit of my son."

Mrs Brown conducts her campaign from a modernised cottage, now for sale, in a hamlet so small it does not even merit road signs. The house is full of cats and there are chickens and donkeys in the garden. Divorced from Nicholas' father, whom she married at 18, she lives with David Brookes, now her partner in a domestic heating business.

She was always a Conservative. She laughed ironically. "My ideas have been challenged somewhat. I would still regard myself basically as a Conservative but I am beginning to wonder if I really am."

She has had more support than criticism for her act of political betrayal. "That doesn't surprise me. I always felt that the people I mixed with were nice people first and committed Conservatives second."

Her son Nicholas, now 28, also worked for the business until he set off to see the world after a broken love affair. He settled in India for two years. Riding a friend's motorcycle through Goa in December, 1990, he was stopped by the police. He claims they planted half an ounce of cannabis on him in order to extort a bribe.

Since India, with western encouragement, strengthened its drug laws the minimum sentence for possession of this quantity of cannabis is 10 years. Nicholas' trial began last July and has dragged on intermittently ever since.

Goa was once a hippy paradise. Today it is an enforcers' paradise. There are several dozen young foreigners languishing in jail. Nicholas Brown's case sounded familiar to me. Six months before his arrest I was stopped, like him, while riding a borrowed motorcycle through the outskirts of Panaji. I refused the three policemen's demand for money, threatened them with the name of my newspaper and was let go.

Following Press stories on the Brown case, India's High Commission in London has hinted at further charges against him: holding a forged passport is one. Mrs Brown dismissed them as a concoction. I asked her whether publicity was not counter-productive.

"The Foreign Office advice is don't rock the boat. If you do, they say, the prisoner will suffer. So most families spend months and perhaps years clinging pathetically to the hope that behind the scenes the Foreign Office is watching over their interests. Most of us eventually come to the conclusion that the prisoner is being just left to take his chance."

What exactly is your complaint? I asked her.

"My main complaint is that they totally *abandon* their own citizens in these sorts of situations. They will take in books and cigarettes and what-have-you as long as the prisoner has funds to pay for them. But if the family and the prisoner don't have money, there is no money.

"They find these sort of cases very embarrassing. Not every prisoner in a foreign jail is an innocent by any manner of means. A lot of them have been very foolish. Some of them, you know, are quite bad characters and are probably guilty of quite serious crimes. It's very easy to regard these people as a nuisance.

"Douglas Hurd is on record many times as saying 'Don't interfere in the judicial process of foreign countries.' Unfortunately, he's missing the whole point. We're not asking him to interfere. What we're asking is for the Foreign Office to make it very clear that British citizens, whatever trouble they're in, are people of value and worth and the Government is standing behind them. They don't actually need to do a great deal in most cases."

But, I said, aren't you asking for much more than moral support. You want Her Britannic Majesty's Government to crack the whip and demand special treatment.

"No. Their negative attitude means countries realise that however slow or unfair a trial may be, however great the injustice, the British Government isn't going to make a fuss about it. If that comes across so clearly to us and other families, it sure as eggs comes across just as clearly to foreign governments."

But with today's mass travel isn't the attitude of the Foreign Office understandable? If you go to these places you take a risk.

"If they said that loud and clear it might be understandable. But they don't. If you were to stop 100 people on the street and ask them what would happen if they went to Thailand, or Goa or South America and got into trouble, most of them would say the Foreign Office would pull out all the stops to make sure they were treated justly."

Mrs Brown thinks the diplomatic career structure is at fault. The "high-flyers with wonderful degrees" did not have the relevant experience, she said. The consular service was "very much third division. A lot of the staff try their best. But if a person in post doesn't want to stir himself, there's no incentive to do so.

"I'm not very articulate and I'm not an original thinker. So you have to forgive me if I talk in clichés. But consular affairs is the Cinderella service."

She praised Douglas Hurd for giving Britain a high profile abroad. "He goes round shaking hands with all the world leaders, establishing on the whole excellent relations. Now what's the point of that if it's not to benefit Britain and its citizens? I know trade is a big issue, but there are others."

Marilyn Brown is trying to obtain justice for her son, arrested in Goa. She accuses the Foreign Office of "disgraceful" failure to support British citizens abroad

"I'm not in the business of getting guilty people off the hook. I am fighting for guilty and innocent alike: everybody has the right to a fair trial. We can't fight for everybody. We *can* fight for our own citizens."

You are suggesting that British subjects should get British treatment wherever they go in the world. That is not achievable.

"No. But that doesn't stop us trying to achieve it, surely. Otherwise nothing's going to change. The British Government is marvellous about human rights for Kurds, Chinese dissidents, the 'disappeared' in South America, and I would cheer them every inch of the way on that. But if they can speak out for foreign victims of injustice why are they so reluctant to speak out for their own people?"

Are you quite sure your son is *innocent*?

"I'm sure, yes, absolutely. But in a way it doesn't really matter whether he's innocent or guilty. When you look at the charges against him and the others they are so minor that, quite honestly, the way the cases are being handled is diabolical."

Mrs Brown has been adopted by a recently-created lobby, Fair Trials Abroad. Her demands are for extension of means-tested legal aid to Britons abroad, surveillance to identify difficult cases, and independent legal evaluation of trial transcripts where miscarriages occur.

Although in the dark about her son's prospects, Mrs Brown thinks he is one of the luckier ones. She has had "desperate" letters from other prisoners and other families and is sending her own money to the worst off.

I asked her whether campaigning had made her own troubles easier to bear.

"No, it's made it worse, actually because now I'm in touch with other cases, most of them much worse than Nicholas's. I'm very worried and frightened because all these cases have got to be taken up."

It may sound cruel to ask, but has this given you a purpose in life you didn't feel before?

"Well, yes it has. I'm quailing because I didn't want to be involved in anything so devastating. But I am a Christian and I've really run up against the buffers with this. I've spent all my adult life quite merrily talking about how being a Christian is a challenge, etcetera, etcetera. For me so far, I realise, it hasn't been particularly challenging. Now it looks as if I have suddenly been presented with a path to my life that I could never have foreseen. I just cannot turn aside from it, which is quite frightening."

Have you discovered yourself to be stronger than you imagined?

"Yes, in some ways. But an awful lot weaker in others. I have found that I have a lot more determination, more – what shall I say? – resourcefulness than I'd ever have thought.

"It *is* changing my life. I'm amazed that I'm so committed to this. I would have thought I would be the sort of person to find a way of shuffling it on to someone else. I'm amazed how determined I am not to do that.

"I wouldn't have thought I am the stuff that campaigners and martyrs are made of. But an area of real, human misery has been revealed and I just cannot turn away from it.

"I just hope and pray the Foreign Office is going to do the decent thing and start wading in there, because I don't relish the thought of fighting like this for the rest of my life."

So I rang the Foreign Office. A spokesman said no new guidance had been issued to embassies or consulates.

Vision goes mega

Michael Thompson-Noel

"ANNUAL reports of British companies vary widely in their ability to communicate information, according to an analysis by Meridian Design Associates, a consultancy firm. It says the typical report is 56 pages long, contains a vacuous 'vision statement', and has five sub-standard photographs." – FT news report.

It is surprising how thoroughly the vision thing is sweeping world affairs. George Bush started it off, of course, but now the vision thing is seeping into every nook and cranny of relatively unsophisticated countries, like Britain.

Yesterday morning my agent, Harriet Halfeshare, rang. "Hi, *bambino*," she said. "Sorry I missed lunch last week. I had to dash to the Coast. There are some very big deals going down, film stuff, residuals, merchandising. And Martin was there. He's *snaky*, Martin, don't you tend to think?"

"If you say so, Harriet. But how is *my* novel doing?"

For the past five months, Harriet has been in possession of a private-eye thriller I completed last year. It is mould-breaking stuff. Chandler updated but with a female private eye who knows how to handle herself but is actually middle class. I mean, she actually owns a Dalmatian. Her sitting room is *green*. The novel is set in Notting Hill. Also Bond Street, Fes and Beverly Hills. A painting gets stolen, which is thought to be a fake but is actually

HAWKS & HANDSAWS

perfectly genuine. There is a sort of fascist sub-plot. My private eye is sexy. I mean, she's actually post-feminist and is an expert at *taekwondo*.

"*Bambino*," said Harriet. "Everyone loves your book. They love it in New York, they love it on the Coast. I've even shown it to Martin, who says it's post-punk. But we've got to get the timing right. New York has pencilled you in for 1996. They say you might go nova."

"So why are you calling, Harriet?"

"It's the vision thing, *bambino*. Vision's going mega. How would you like to earn £7,500 writing 1,000 words on vision for one of my clients, the Incorporated Society of London Cinema Owners?"

Naturally, I agreed. Last night I faxed them my piece. This is how it started:

"In common with Arthur C Clarke, the noted futurologist, we at the Incorporated Society of London Cinema Owners share a vision of how our industry will look in the year 2019.

"There will be a plethora of new technologies at work in cinemas of the early 21st century. High-speed, large-screen film processes offering a more realistic viewing experience will be commonplace. Audiences will be engulfed by holographic images in a nerve-tingling experience that will leave them drained and gasping.

"Computer-graphic techniques will enable producers to recreate electronically the voices and physical appearances of great stars of yesteryear, so that new movies featuring Greta Garbo, John Wayne, John Travolta, Maggie Smith and other hall-of-famers will be shot in 'Live-Synchro.'

"And movie screens of the early 21st century will see the debut of animatronic actors – humanoids, robots, call them what we will – who will play any rôle, from buffoon to sex siren, at a millifraction of the fee currently charged by the likes of Warren Beatty.

"At present, things are not like that. At present, cinema-goers in London have not latched on to the exciting futureworld that lies in store.

"They love poky little cinemas disguised as fast-food restaurants. They want the stench of popcorn and hot dogs. They demand specially-designed candy wrappers that are impossible to penetrate without making an excruciating noise. They oblige us to hire staff who don't know what year it is, let alone what time a movie starts. Today's audiences want tiny screens and sub-standard soundtracks. And they expect – demand – to wait many, many months before films on show in America are brought across the Atlantic. Popcorn and squalor. That is what they want. That is what we give them.

"But we at the Incorporated Society of London Cinema Owners have a vision..."

So well was my first venture into vision received that Harriet phoned again last night, to commission 1,000 words for John Major linking his aspirations for the Tory party with scientists' discovery of giant ripples of matter, the Holy Grail of cosmology, at the outer limits of the universe. I sprang to my screen at once.

Front line fight against Aids

"COMBAT ready, condom ready", shouts a poster in all the Ghana army barracks. "Take the firing squad to Aids!" shouts another.

The US military worries about having soldiers with their finger on a nuclear button who are HIV-positive. The French army has been checking to find out whether, and how, its soldiers have sex when they are flown out to intervene in some attempted coup d'état in one of France's ex-colonies in Africa (yes indeed, some of them do have sex.) The Nigerian chief of defence staff has set up a special secretariat to co-ordinate anti-Aids activities in the army and police.

But what, I asked the Ministry of Defence, are the British armed services doing about Aids? I got a very stiff-upper-lip reply. "It is not our practice to discuss individual medical cases," said the man from the MoD, quoting almost verbatim a reply given in the House of Commons on March 12 1990 by Archie Hamilton, then a junior defence minister, to an MP who had dared to ask a similar question.

However, Hamilton did get as far as admitting that "one member of the services was identified as HIV-positive in 1989" – a statistic that experience in other countries suggests may be on the low side. The US army has found that about one in 600 of those it has tested carry the virus, although admittedly the US does have a far higher general incidence of Aids than the UK.

The US military has taken a tough and open line on this matter. HIV-positive soldiers remain in the army for as long as they are fit for active duties, but they are kept firmly away from sensitive "finger on the button" posts in nuclear weapons commands.

"Not a good place to put someone who knows they are going to die anyway," commented a senior US army medical officer to me recently. For it is a grim fact that sooner or later, perhaps as long as 10 years or more later, the HIV virus inevitably progresses to full-scale Aids and death.

Surely the British public has a right to know, too? It may not be exactly an election issue, but Britain also has soldiers with their fingers on nuclear buttons, and presumably annual medical check-ups either can or do show who is HIV-positive and who is not.

The man from the MoD hastened to assure me that this policy of silence about Aids did not mean that the British army had no policy at all on the matter – just that it was not prepared to talk about it. Well, let us give the Ministry the benefit of the doubt, while pointing out that the "whose finger on the nuclear button" issue is not the only Aids question that matters in the military context.

For example, the armies of the US and Ghana army have both taken the view that HIV-positive soldiers should not be posted abroad. You can see why. In sensitive political situations, they could easily be accused of wilfully spreading the deadly disease to host and/or invaded countries.

Ghana's efficient professional army, made up of 20-year enlisted men, is a favourite contributor to international peace-keeping forces, as is the Nigerian army, and it would hardly do if it became known that these peace-carriers were death-carriers also.

Confinement to the mother country also has a deterrent effect against soldiers taking risks over contracting Aids. In the Ghana army, a sure route to promotion is service abroad – and vice versa. Also, service abroad brings with it lucrative foreign allowances, lots of cash, which the HIV-positive man confined to home duties is deprived of.

It would be good to know whether a similar rule applies to British military personnel. Britain also sends troops abroad, as part of UN forces and for training, including Kenya, where Aids is a serious problem. But apparently the British public is not to know what the rule is. Nor are people to know whether the soldier who is infected by HIV is treated with due respect – that is, in a way that would avoid any charge of discrimination against sufferers.

The US army has a formal policy that an HIV-positive soldier can continue to receive full army medical care and army housing for as long as he (or she, one supposes) is still fit for duties. After that, the soldier is retired on standard retirement benefits; that is, honourably retired.

It is impossible to rule out the possibility that some armies might take a different view. A senior officer in the Ghana army told me that, if other measures failed to stem the spread of the disease among military personnel, then getting Aids might have to be made a dismissable offence.

So there are issues here about the civil and military rights of HIV-positive people; about non-discrimination; and about the practical benefits guaranteed (or not) to soldiers who test HIV-positive. Maybe that was what was on the mind of the MP, Harry Cohen, who asked that question back in March 1990.

"What action was followed after [HIV] diagnosis," he wanted to know, asking also whether any representations had subsequently been received concerning the military authorities' actions in these cases.

"There were no representations concerning this [one] case," replied Hamilton.

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